

12/16/1996

FILED DEC 16 1996

By Adrian

B. No. 38

A BILL TO BE ENTITLED

1

AN ACT

2

relating to the public education grant program.

3

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

4

SECTION 1. Section 29.202, Education Code, is amended to read as follows:

6

Sec. 29.202. ELIGIBILITY. A student is eligible to receive a public education grant under this subchapter if the student is assigned to attend a public school campus:

9

(1) at which 50 percent or more of the students did not perform satisfactorily on an assessment instrument administered under Section 39.023(a) or (b) in the preceding year [~~three-years~~]; or

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(2) that was, at any time in the preceding year [~~three years~~], identified as low-performing by:

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(A) the commissioner under Subchapter D, Chapter 39; or

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(B) the comptroller under Section 403.020, Government Code.

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SECTION 2. Sections 29.203(b) and (d), Education Code, are amended to read as follows:

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(b) A student's public education grant is the total state and local funding per student for the school district in which the student resides. Total funding from state and local sources includes adjustments to the basic allotment under Subchapter B,

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Chapter 42, and special allotments under Subchapter C, Chapter 42[~~7--but--does--not--include--small--district,--sparsity,--and--cost--of--education---adjustments---and---allotments---for---technology---and--transportation~~]. A student's public education grant is the entitlement of the student, under the supervision of the student's parent, guardian, or custodian, is not an entitlement of any school district, and is paid to a school district solely as a means of administrative convenience.

(d) A school district chosen by a student's parent under Section 29.201 may not charge the student tuition in addition to the public education grant or charge tuition that is greater than the district's average expenditure per student. The school district in which the student resides is entitled to the remainder, if any, of the student's public education grant funds. If the average expenditure per student of the district chosen by a student's parent is greater than the amount of the student's public education grant, the district is entitled to payment of the difference from the foundation school fund as provided by rules adopted by the commissioner.

SECTION 3. Sections 29.203(c) and (e), Education Code, are repealed.

SECTION 4. This Act applies beginning with the 1997-1998 school year.

SECTION 5. The importance of this legislation and the crowded condition of the calendars in both houses create an emergency and an imperative public necessity that the constitutional rule requiring bills to be read on three several

1        days in each house be suspended, and this rule is hereby suspended,  
2        and that this Act take effect and be in force from and after its  
3        passage, and it is so enacted.

COAUTHOR AUTHORIZATION-75TH LEGISLATURE  
(please request your coauthors to sign this form  
in lieu of the front or the back of the original bill)

For chief clerk use only  
Bill or Resolution Number: 318

  
signature of primary author

H. Cuellar  
printed name of primary author

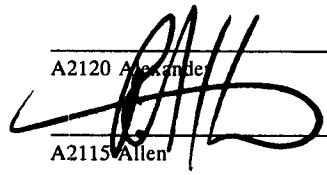
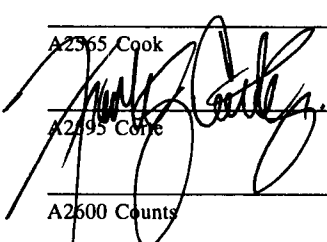
12-16-96  
Date

PERMISSION TO SIGN hb 318 HAS BEEN GIVEN TO (check only one of the following):  
(bill or resolution #)

☒ ALL REPRESENTATIVES

THE FOLLOWING REPRESENTATIVE(S): \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

I authorize the Chief Clerk to include my name as a coauthor of the legislation indicated above:

<u></u> A2120 Alexander	<u>5/6/97</u> Date	A2645 Cuellar	Date	A2935 Giddings	Date
A2115 Allen	Date	A2635 Culberson	Date	A2880 Glaze	Date
A2105 Alvarado	Date	A2670 Danburg	Date	A2985 Goodman	Date
A2135 Averitt	Date	A2675 Davila	Date	A2990 Goolsby	Date
A2160 Bailey	Date	A2625 Davis	Date	A3005 Gray	Date
A2200 Berlanga	Date	A2680 Delisi	Date	A3010 Greenberg	Date
A2250 Bonnen	Date	A3385 Denny	Date	A3020 Grusendorf	Date
A2275 Bosse	Date	A2705 Driver	Date	A3030 Gutierrez	Date
A2260 Brimer	Date	A2665 Dukes	Date	A3035 Haggerty	Date
A2255 Burnam	Date	A2660 Dunnam	Date	A2695 Hamric	Date
A2400 Carter	Date	A2650 Dutton	Date	A3170 Hartnett	Date
A2585 Chavez	Date	A2770 Edwards	Date	A3345 Hawley	Date
A2480 Chisum	Date	A2760 Ehrhardt	Date	A3180 Heflin	Date
A2525 Christian	Date	A2775 Eiland	Date	A3230 Hernandez	Date
A2520 Clark	Date	A2785 Elkins	Date	A3240 Hightower	Date
A2435 Coleman	Date	A2810 Farrar	Date	A3310 Hilbert	Date
<u></u> A2365 Cook	<u>4/3/97</u> Date	A2830 Finnell	Date	A3250 Hilderbran	Date
A2495 Corne	Date	A2840 Flores	Date	A3275 Hill	Date
A2600 Counts	Date	A2920 Gallego	Date	A3270 Hinojosa	Date
A2605 Crabb	Date	A2910 Galloway	Date	A3285 Hirschi	Date
A2610 Craddick	Date	A2930 Garcia	Date	A3305 Hochberg	Date

A3290 Hodge	Date	A3845 McReynolds	Date	A4435 Shields	Date
A3295 Holzheuser	Date	A3840 Merritt	Date	A4445 Siebert	Date
A3300 Horn	Date	A3850 Moffat	Date	A4525 Smith	Date
A3315 Howard	Date	A3860 Moreno	Date	A4530 Smithee	Date
A3355 Hunter	Date	A3865 Mowery	Date	A4550 Solis	Date
A3360 Hupp	Date	A3885 Naishtat	Date	A4505 Solomons	Date
A3375 Isett	Date	A3895 Nixon	Date	A4515 Staples	Date
A3380 Jackson	Date	A3875 Oakley	Date	A4510 Stiles	Date
A3415 Janek	Date	A3990 Ogden	Date	A4570 Swinford	Date
A3405 Jones, Delwin	Date	A3880 Oliveira	Date	A4585 Talton	Date
A3400 Jones, Jesse	Date	A3886 Olivo	Date	A4605 Telford	Date
A3440 Junell	Date	A4010 Palmer	Date	A4630 Thompson	Date
A3460 Kame	Date	A4070 Patterson	Date	A4635 Tillery	Date
A3475 Keel	Date	A4180 Pickett	Date	A4640 Torres	Date
A3480 Keffer	Date	A4185 Pitts	Date	A2730 Turner, Bob	Date
A3465 King	Date	A4110 Place	Date	A4685 Turner, Sylvester	Date
A3485 Krusee	Date	A4190 Price	Date	A4690 Uher	Date
A3490 Kubiak	Date	A4200 Puente	Date	A4720 Van de Putte	Date
A3450 Kuempel	Date	A4230 Rabuck	Date	A4990 Walker	Date
A3510 Laney	Date	A4210 Ramsay	Date	A4995 West	Date
A3605 Lewis, Glenn	Date	A4240 Rangel	Date	A5035 Williams	Date
A3600 Lewis, Ron	Date	A4235 Raymond	Date	A5010 Williamson	Date
A3615 Longoria	Date	A4245 Reyna, Arthur	Date	A5000 Wilson	Date
A3620 Luna, Vilma	Date	A4236 Reyna, Elvira	Date	A5020 Wise	Date
A3715 Madden	Date	A4260 Rhodes	Date	A5015 Wohlgemuth	Date
A3750 Marchant	Date	A4315 Rodriguez	Date	A4980 Wolens	Date
A2700 Maxey	Date	A4370 Sadler	Date	A5005 Woolley	Date
A3665 McCall	Date	A4420 Seaman	Date	A5025 Yarbrough	Date
A3650 McClendon	Date	A4460 Serna	Date	A5040 Zbranek	Date

# HOUSE COMMITTEE REPORT

1<sup>st</sup> Printing

By Cuellar, et al.

H.B. No. 318

Substitute the following for H.B. No. 318:

By Sadler

C.S.H.B. No. 318

## A BILL TO BE ENTITLED

### AN ACT

relating to the public education grant program.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Sections 29.202 and 29.203, Education Code, are amended to read as follows:

Sec. 29.202. ELIGIBILITY. (a) A student is eligible to receive a public education grant under this subchapter if the student is assigned to attend a public school campus:

(1) at which 50 percent or more of the students did not perform satisfactorily on an assessment instrument administered under Section 39.023(a) or (b) at any time in the preceding three years; or

(2) that was, at any time in the preceding three years, identified as low-performing by the commissioner under Subchapter D, Chapter 39.

(b) After a student has used a public education grant to attend a school in a district other than the district in which the student resides:

(1) the student does not become ineligible for the grant if the school on which the student's initial eligibility is based no longer meets the criteria under Subsection (a); and

(2) the student becomes ineligible for the grant if the student is assigned to attend a school that does not meet the criteria under Subsection (a).

1           Sec. 29.203. FINANCING.     (a) A student [~~eligible--under~~  
2     ~~Section--25.001--to--attend--school--in-a-school-district-but~~] who  
3     under this subchapter uses a public education grant to attend  
4     ~~[attends]~~ a public school in a school ~~[another]~~ district other  
5     than the district in which the student resides is included in the  
6     average daily attendance of the district in which the student  
7     ~~[resides.--The-district-in-which-the-student]~~ attends school ~~[shall~~  
8     ~~report-the-student's--attendance--to--the--district--in--which--the~~  
9     ~~student---resides---in---accordance---with--rules--adopted--by--the~~  
10    ~~commissioner]~~.

11           (b) A school district is entitled to the allotment provided  
12    by Section 42.157 for each eligible student using a public  
13    education grant. If the district has a wealth per student greater  
14    than the guaranteed wealth level but less than the equalized wealth  
15    level, a school district is entitled under rules adopted by the  
16    commissioner to additional state aid in an amount equal to the  
17    difference between the cost to the district of providing services  
18    to a student using a public education grant and the sum of the  
19    state aid received because of the allotment under Section 42.157  
20    and money from the available school fund attributable to the  
21    student.

22           (c) A school district is entitled to additional facilities  
23    assistance under Section 42.4101 if the district agrees to:

24               (1) accept a number of students using public education  
25    grants that is at least one percent of the district's average daily  
26    attendance for the preceding school year; and

27               (2) provide services to each student until the student

1 either voluntarily decides to attend a school in a different  
 2 district or graduates from high school.

3 (d) [A--student's--public-education-grant-is-the-total-state  
 4 and-local-funding-per-student-for-the-school-district-in-which--the  
 5 student--resides.---Total--funding--from--state--and--local-sources  
 6 includes-special-allotments-under-Subchapter--C,--Chapter--42,--but  
 7 does--not--include--small-district, sparsity, and-cost-of-education  
 8 adjustments-and-allotments-for-technology--and--transportation.---A  
 9 student's-public-education-grant-is-the-entitlement-of-the-student,  
 10 under--the--supervision--of--the--student's--parent, guardian, or  
 11 custodian,--is--not--an--entitlement-of-any-school-district, and-is  
 12 paid-to-a-school-district--solely--as--a--means--of--administrative  
 13 convenience.]

14 [(e)] A school district chosen by a student's parent under  
 15 Section 29.201 is entitled to accept or reject the application for  
 16 the student to attend school in that district but may not use  
 17 criteria that discriminate on the basis of a student's race,  
 18 ethnicity, academic achievement, athletic abilities, language  
 19 proficiency, sex, or socioeconomic status. A school district that  
 20 has more acceptable applicants for attendance under this subchapter  
 21 than available positions must give priority to students at risk of  
 22 dropping out of school as defined by Section 29.081 and must fill  
 23 the available positions by lottery. However, to achieve continuity  
 24 in education, a school district may give preference over at-risk  
 25 students to enrolled students and to the siblings of enrolled  
 26 students residing in the same household or other children residing  
 27 in the same household as enrolled students for the convenience of



1 parents, guardians, or custodians of those children.

2       (e) [(d)] A school district chosen by a student's parent  
3 under Section 29.201 may not charge the student tuition [~~in~~  
4 ~~addition--to--the--public-education-grant-or-charge-tuition-that-is~~  
5 ~~greater-than-the-district's-average-expenditure-per--student;--The~~  
6 ~~school--district--in--which--the-student-resides-is-entitled-to-the~~  
7 ~~remainder,--if-any,--of-the-student's-public-education-grant-funds~~].

8       (f) [(e)] The school district in which a student resides  
9 shall provide each student attending a school in another district  
10 under this subchapter transportation free of charge to and from the  
11 school the student would otherwise attend.

12       (g) In this section:

13               (1) "Equalized wealth level" has the meaning assigned  
14 by Section 41.001.

15               (2) "Guaranteed wealth level" means a wealth per  
16 student equal to the dollar amount guaranteed level of state and  
17 local funds per weighted student per cent of tax effort, as  
18 provided by Section 42.302, multiplied by 10,000.

19               (3) "Wealth per student" has the meaning assigned by  
20 Section 41.001.

21       SECTION 2. Subchapter C, Chapter 42, Education Code, is  
22 amended by adding Section 42.157 to read as follows:

23       Sec. 42.157. PUBLIC EDUCATION GRANT ALLOTMENT. (a) Except  
24 as provided by Subsection (b), for each student in average daily  
25 attendance who is using a public education grant under Subchapter  
26 G, Chapter 29, to attend school in a district other than the  
27 district in which the student resides, the district in which the

1 student attends school is entitled to an annual allotment equal to  
2 the adjusted basic allotment multiplied by a weight of 0.1.

3 (b) The total number of allotments under this section to  
4 which a district is entitled may not exceed the number by which the  
5 number of students using public education grants to attend school  
6 in the district exceeds the number of students who reside in the  
7 district and use public education grants to attend school in  
8 another district.

9 SECTION 3. Subchapter H, Chapter 42, Education Code, is  
10 amended by adding Section 42.4101 to read as follows:

11 Sec. 42.4101. ADDITIONAL ASSISTANCE FOR DISTRICTS WITH  
12 STUDENTS USING PUBLIC EDUCATION GRANTS. (a) A district is  
13 entitled to additional assistance under this section as provided by  
14 Section 29.203(c).

15 (b) The amount of additional assistance under this section  
16 is computed by subtracting the number of students residing in the  
17 district and using public education grants to attend school in  
18 another district for the year in which the assistance is granted  
19 from the number of students using public education grants to attend  
20 school in the district for that year and multiplying the difference  
21 by \$266.

22 (c) If a district to which this section applies is entitled  
23 to the maximum amount of assistance under Section 42.406, the  
24 maximum is increased by the amount of additional assistance to  
25 which the district is entitled under this section.

26 SECTION 4. This Act applies beginning with the 1997-1998  
27 school year.

1           SECTION 5.   The importance of this legislation and the  
2 crowded condition of the calendars in both houses create an  
3 emergency and an imperative public necessity that the  
4 constitutional rule requiring bills to be read on three several  
5 days in each house be suspended, and this rule is hereby suspended,  
6 and that this Act take effect and be in force from and after its  
7 passage, and it is so enacted.

COMMITTEE REPORT

The Honorable James E. "Pete" Laney  
Speaker of the House of Representatives

4/17/97  
(date)

Sir:

We, your COMMITTEE ON PUBLIC EDUCATION

to whom was referred HB 318 have had the same under consideration and beg to report back with the recommendation that it

( ) do pass, without amendment.  
( ) do pass, with amendment(s).  
(☒) do pass and be not printed; a Complete Committee Substitute is recommended in lieu of the original measure.

(☒) yes ( ) no A fiscal note was requested.

( ) yes (☒) no A criminal justice policy impact statement was requested.

(☒) yes ( ) no An equalized educational funding impact statement was requested.

( ) yes (☒) no An actuarial analysis was requested.

( ) yes (☒) no A water development policy impact statement was requested.

( ) yes (☒) no A tax equity note was requested.

( ) The Committee recommends that this measure be sent to the Committee on Local and Consent Calendars.

For Senate Measures: House Sponsor \_\_\_\_\_

Joint Sponsors: \_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_

Co-Sponsors: \_\_\_\_\_

The measure was reported from Committee by the following vote:

	AYE	NAY	PNV	ABSENT
Sadler, Chair	X			
Dutton, Vice-chair	X			
Culberson				X
Hernandez				X
Hochberg				X
Price	X			
Rhodes	X			
Uher	X			
Williamson	X			

Total

4 aye  
0 nay  
0 present, not voting  
3 absent

Paul L. Sadler  
CHAIR

## **BILL ANALYSIS**

PUBLIC EDUCATION  
C.S.H.B. 318  
By: Cuellar  
4-21-97  
Committee Report (Substituted)

### **BACKGROUND**

The Public Education Grant (PEG) Program, established by Senate Bill 1, 1995, allows parents of students at low performing schools to apply for the transfer of that child to the campus or district of their choice. Chosen districts, however, have resisted accepting PEG applications contending that ambiguity in the statute causes liability concerns over discrimination that are best avoided by not participating in the program. School districts may also reap greater financial rewards by accepting children on a tuition basis, rather than through the grant, and therefore, may be reserving any available space within the district for tuition based transfers.

### **PURPOSE**

This bill alters the current eligibility requirements for participation in the program, making it easier for students to become eligible for the grant. The bill also provides financial incentives to districts that participate in the Public Education Grant program by educating PEG transfer students.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that this bill does grant additional rulemaking authority to the commissioner of education in Section 1.

### **SECTION BY SECTION ANALYSIS**

- Section 1:** Amends Section 29.202 to state that a student may receive a public education grant if he or she is assigned to a school where:
- 1) 50 percent or more of the students have failed state-required tests at any time in the preceding three years; or
  - 2) was, at any time in the preceding three years, identified as low-performing by the commissioner.
- Adds subsection(b) stating that after a public education grant has been granted for a student to attend a school other than the district in which the student resides:
- 1) the student does not become ineligible for the grant if the school on which the student's initial eligibility is based no longer meets the criteria under Subsection (a); and
  - 2) the student becomes ineligible for the grant if the student is assigned to attend a school that does not meet the criteria under Subsection (a).
- Amends Section 29.203(a) by establishing student attendance for ADA purposes in the school district in which the student attends school.
- Amends Sections 29.203(b), (c), (e) and (g):
- b) Defines school district's entitlement for a student's public education grant. If a school district has a wealth per student greater than the guaranteed wealth level

but less than the equalized wealth level, a school district is entitled to additional state aid in an amount equal to the difference between the cost to the district of providing services to a student using a public education grant and the sum of the state aid received because of the allotment under Section 42.157 and money from the available school fund attributable to the student.

c) Defines a school district is entitled to additional facilities assistance under Section 42.4101 if the district agrees to:

- 1) accept a number of students using public education grants at least one percent of the district's average daily attendance for the preceding year; and
- 2) provide services to each student until the student either voluntarily decides to attend a school in a different district or graduates from high school.

e) States that a school district chosen by a student's parent under Section 29.201 may not charge the student tuition.

g) Defines "Equalized wealth level", "Guaranteed wealth level", and "Wealth per student".

**Section 2:** Amends Subchapter C, Chapter 42, Education Code, by adding Section 42.157 to grant the receiving school district an annual allotment equal to the adjusted basic allotment multiplied by a weight of 0.1.  
Adds subsection (b) stating that the total number of allotments under this section to which a district is entitled may not exceed the number by which the number of students using public education grants to attend school in the district exceeds the number of students who reside in the district and use public education grants to attend school in another district.

**Section 3:** Amends Subchapter H, Chapter 42, Education Code, by adding Section 42.4101:  
a) A district is entitled to additional assistance under this section as provided by Section 29.203(c).  
b) The amount of additional assistance is computed by subtracting the number of students residing in the district and using public education grants to attend school in another district for the year in which the assistance is granted from the number of students using public education grants to attend school in the district for that year and multiplying the difference by \$266.  
c) If the district to which this section applies is entitled to the maximum amount of assistance under Section 42.406, the maximum is increased by the amount of additional assistance to which the district is entitled under this section.

**Section 4:** Effective date.

**Section 5:** Emergency clause.

### **COMPARISON OF ORIGINAL TO SUBSTITUTE**

The committee substitute to HB 318 increases the number of campuses that meet the eligibility requirements of the Public Education Grant program by granting students within these schools eligibility into the program if, at any time within the preceding three years, 50 percent or more of the student population did not perform satisfactorily on the TAAS test. HB 318 also required a satisfactory student performance level of 50 percent, however, this was dependent upon

assessment instruments administered in the preceding year, rather than any of the preceding three years. Furthermore, CSHB 318 provides clarifying language as to when a student becomes ineligible to participate in the program whereas HB 318 contains no equivalent provision.

CSHB 318 also alters the funding mechanism introduced in HB 318. HB 318 provides that the amount of the PEG transfer is equal to the total state and local funding per student in the district in which the student resides. This bill also provides additional funds from the foundation school program to receiving districts with higher per student expenditures than the amount received through the grant. These additional funds are equal to the difference between the per student expenditures and the amount of the grant.

CSHB 318, however, bases the amount of the grant on the Foundation School formulas for the receiving district and provides additional state assistance to receiving districts that have both a higher per student expenditure than the amount received through the grant, and a wealth level higher than the guaranteed level and below the equalized level. CSHB 318 also provides an allotment weight based on PEG transfer students, additional facilities assistance for schools with one percent or more enrollment of PEG transfer students, and additional tier two funding assistance to districts that do not receive tier two monies, but have a per student educational cost higher than the amount received through the grant.

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE**  
**75th Regular Session**

April 23, 1997

To: Honorable Paul Sadler, Chair  
Committee on Public Education  
House  
Austin, Texas

IN RE: House Bill No. 318,  
Committee Report 1st House,  
Substituted  
By: Cuellar

From: John Keel, Director

In response to your request for a Fiscal Note on HB318 (Relating to the public education grant program.) this office has determined the following:

<b>Biennial Net Impact to General Revenue Funds by HB318-Committee Report 1st House, Substituted</b>
--

Implementing the provisions of the bill would result in a net (negative) impact of \$(925,500-9,225,000) to General Revenue Related Funds through the biennium ending August 31, 1999.

---

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

**Fiscal Analysis**

The bill significantly changes both the eligibility requirements and the funding mechanism for the Public Education Grant Program (PEG).

**Changes to Eligibility:**

This bill significantly increases the number of campuses which meet eligibility criteria. The bill permits a campus to be considered eligible if in any of the last three (3) years more than 50% of the students did not perform satisfactorily on a TAAS test.



Current law requires that that level of performance be met in each of the last three years. More than 2,000 campuses would have been identified based on the three most recent years of data, involving more than 1.2 million students.

#### Changes to Funding Mechanism:

Section 29.203 stipulates that Foundation School Program formula funding amounts of the receiving (or educating) district are used to calculate the grant amount. These amounts are equivalent to the amounts which would be generated for a typical transfer student, and are therefore assumed to have no direct fiscal implications for the state.

Sections 29.203 and 42.4101 provide additional assistance under the facilities program, but only about 26% of districts receive that assistance. It appears that the amount of assistance would be about equal to that provided under current law, and therefore is expected to have no significant impact.

Section 42.157 creates the Public Education Grant Allotment. This allotment is equal to 10% of the adjusted basic allotment and would likely average about \$267 based on the current average adjusted basic allotment amount. This allotment would also tend to increase the number of weighted students used in calculating the guaranteed yield amounts.

In addition, districts which do not receive funding in the second tier guaranteed yield program would be eligible for additional funding to the extent that actual costs of services exceed the amount of benefit in the Foundation School Program. While this would increase costs to the state, it is unclear how much this calculated excess cost would be. The typical amount of extra funding available in the guaranteed yield is about \$1100 per weighted student, although the actual amount is variable, and would apply to approximately 10% of the participants.

#### Methodology

Pursuant to current law, 652 campuses with 491,005 students were eligible for a PEG grant in 1995-96. Of these, 31 students actually requested and received a Public Education Grant (.006 percent). Due to the significantly broader eligibility requirements in the bill, and the financial incentive provided in the bill, this estimate assumes a much higher rate of program participation.

This estimate provides two scenarios: in the first, program participation is 0.1% (roughly 1,200 participants) the second scenario estimates a participation rate of 1% (12,000 students). Scenario 1 results in a cost of \$320,000 in the first year due to the allotment, plus \$130,000 for the excess costs associated with PEG participation in higher wealth districts, for a total first year cost of about \$450,000. At a participation

rate of 1% (Scenario 2), the cost of the allotment would reach about \$3,200,000 in the first year, plus \$1,300,000 pursuant to the higher wealth districts for a total first year cost of about \$4,500,000.

Both scenarios assume an annual growth in participants of 5%.

The probable fiscal implications of implementing the provisions of the bill during each of the first five years following passage is estimated as follows:

**Five Year Impact:**

Fiscal Year	Probable Savings/(Cost) from Foundation School Fund 0193
1998	(\$450,000)
1999	(472,500)
2000	(496,125)
2001	(520,931)
2002	(546,977)

Fiscal Year	Probable Savings/(Cost) from Foundation School Fund 0193
1998	(\$4,500,000)
1999	(4,725,000)
2000	(4,961,250)
2001	(5,209,312)
2002	(5,469,778)

Similar annual fiscal implications would continue as long as the provisions of the bill are in effect.

No significant fiscal implication to units of local government is anticipated.

Source: Agencies: 701 Texas Education Agency - Administration

LBB Staff: JK, DH, UP

8

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE**  
**75th Regular Session**

March 31, 1997

To: Honorable Paul Sadler, Chair  
Committee on Public Education  
House  
Austin, Texas

IN RE: House Bill No. 318  
By: Cuellar

From: John Keel, Director

In response to your request for a Fiscal Note on HB318 (Relating to the public education grant program.) this office has determined the following:

<b>Biennial Net Impact to General Revenue Funds by HB318-As Introduced</b>
--

No fiscal implication to the state is anticipated.

---

No significant fiscal implication to units of local government is anticipated.

Source: Agencies: 701 Texas Education Agency - Administration  
304 Comptroller of Public Accounts

LBB Staff: JK, DH, UP, DD

**LEGISLATIVE BUDGET BOARD**  
**Equalized Education Funding Impact Statement**

April 23, 1997

TO: Honorable Paul Sadler, Chair  
Committee on Public Education  
House  
Austin, Texas

IN RE: House Bill No. 318,  
Committee Report 1st House,  
Substituted

By: Cuellar

FROM: **John Keel**, Director

In response to your request for a Equalized Education Funding Impact Statement on HB318 (Relating to the public education grant program.) this office has determined the following:

No impact on equalized funding requirements and policies affecting public education is anticipated from any of the provisions of this bill.

10

**LEGISLATIVE BUDGET BOARD**  
**Equalized Education Funding Impact Statement**

March 31, 1997

TO: Honorable Paul Sadler, Chair  
Committee on Public Education  
House  
Austin, Texas

IN RE: House Bill No. 318  
By: Cuellar

FROM: **John Keel**, Director

In response to your request for a Equalized Education Funding Impact Statement on HB318 (Relating to the public education grant program.) this office has determined the following:

No impact on equalized funding requirements and policies affecting public education is anticipated from any of the provisions of this bill.

WITNESS LIST

HB 318  
HOUSE COMMITTEE REPORT  
Public Education Committee

April 1, 1997 - 10:30A

For: Cuellar, Henry (Rep.)  
Against: Bieser, Jenna (ATPE)  
Hartman, Eric (TFT)  
McLamore, Mike (ATPE)

SUMMARY OF COMMITTEE ACTION

HB 318

April 1, 1997 10:30AM  
Considered in public hearing  
Testimony taken in committee  
Left pending in committee

April 17, 1997 10:30AM  
Considered in public hearing  
Committee substitute considered in committee  
Reported favorably as substituted

ADOPTED *as amended*

MAY 6 1997

Sharon Carter  
Chief Clerk  
House of Representatives

By Cvellar

H.B. No. 318

Substitute the following for H.B. No. 318:

By Paul R. Saddle

C.S. H.B. No. 318

A BILL TO BE ENTITLED

AN ACT

relating to the public education grant program.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Sections 29.202 and 29.203, Education Code, are amended to read as follows:

Sec. 29.202. ELIGIBILITY. (a) A student is eligible to receive a public education grant under this subchapter if the student is assigned to attend a public school campus:

(1) at which 50 percent or more of the students did not perform satisfactorily on an assessment instrument administered under Section 39.023(a) or (b) at any time in the preceding three years; or

(2) that was, at any time in the preceding three years, identified as low-performing by the commissioner under Subchapter D, Chapter 39.

(b) After a student has used a public education grant to attend a school in a district other than the district in which the student resides:

(1) the student does not become ineligible for the grant if the school on which the student's initial eligibility is based no longer meets the criteria under Subsection (a); and

(2) the student becomes ineligible for the grant if the student is assigned to attend a school that does not meet the criteria under Subsection (a).



1           Sec. 29.203. FINANCING.       (a) A student [~~eligible--under~~  
2 ~~Section--25.001--to--attend--school--in-a-school-district-but~~] who  
3 under this subchapter uses a public education grant to attend  
4 [attends] a public school in a school [another] district other  
5 than the district in which the student resides is included in the  
6 average daily attendance of the district in which the student  
7 ~~[resides--The-district-in-which-the-student]~~ attends school ~~[shall~~  
8 ~~report-the-student's--attendance--to--the--district--in--which--the~~  
9 ~~student---resides---in---accordance---with---rules---adopted---by---the~~  
10 ~~commissioner]~~.

11           (b) A school district is entitled to the allotment provided  
12 by Section 42.157 for each eligible student using a public  
13 education grant. If the district has a wealth per student greater  
14 than the guaranteed wealth level but less than the equalized wealth  
15 level, a school district is entitled under rules adopted by the  
16 commissioner to additional state aid in an amount equal to the  
17 difference between the cost to the district of providing services  
18 to a student using a public education grant and the sum of the  
19 state aid received because of the allotment under Section 42.157  
20 and money from the available school fund attributable to the  
21 student.

22           (c) A school district is entitled to additional facilities  
23 assistance under Section 42.4101 if the district agrees to:

24               (1) accept a number of students using public education  
25 grants that is at least one percent of the district's average daily  
26 attendance for the preceding school year; and

27               (2) provide services to each student until the student

1 either voluntarily decides to attend a school in a different  
2 district or graduates from high school.

3 (d) [A--student's--public-education-grant-is-the-total-state  
4 and-local-funding-per-student-for-the-school-district-in-which--the  
5 student--resides.---Total--funding--from--state--and--local-sources  
6 includes-special-allotments-under-Subchapter--C,--Chapter--42,--but  
7 does--not--include--small-district, sparsity, and-cost-of-education  
8 adjustments-and-allotments-for-technology--and--transportation.---A  
9 student's-public-education-grant-is-the-entitlement-of-the-student,  
10 under--the--supervision--of--the--student's--parent,--guardian,--or  
11 custodian,--is--not--an--entitlement-of-any-school-district, and-is  
12 paid-to-a-school-district--solely--as--a--means--of--administrative  
13 convenience.

14 (e) A school district chosen by a student's parent under  
15 Section 29.201 is entitled to accept or reject the application for  
16 the student to attend school in that district but may not use  
17 criteria that discriminate on the basis of a student's race,  
18 ethnicity, academic achievement, athletic abilities, language  
19 proficiency, sex, or socioeconomic status. A school district that  
20 has more acceptable applicants for attendance under this subchapter  
21 than available positions must give priority to students at risk of  
22 dropping out of school as defined by Section 29.081 and must fill  
23 the available positions by lottery. However, to achieve continuity  
24 in education, a school district may give preference over at-risk  
25 students to enrolled students and to the siblings of enrolled  
26 students residing in the same household or other children residing  
27 in the same household as enrolled students for the convenience of

1 parents, guardians, or custodians of those children.

2 (e) [†d†] A school district chosen by a student's parent  
3 under Section 29.201 may not charge the student tuition [†n  
4 addition--to--the--public-education-grant-or-charge-tuition-that-is  
5 greater-than-the-district's-average-expenditure-per--student---The  
6 school--district--in--which--the-student-resides-is-entitled-to-the  
7 remainder, if any, of the student's public education grant funds].

8 (f) [†e†] The school district in which a student resides  
9 shall provide each student attending a school in another district  
10 under this subchapter transportation free of charge to and from the  
11 school the student would otherwise attend.

12 (g) In this section:

13 (1) "Equalized wealth level" has the meaning assigned  
14 by Section 41.001.

15 (2) "Guaranteed wealth level" means a wealth per  
16 student equal to the dollar amount guaranteed level of state and  
17 local funds per weighted student per cent of tax effort, as  
18 provided by Section 42.302, multiplied by 10,000.

19 (3) "Wealth per student" has the meaning assigned by  
20 Section 41.001.

21 SECTION 2. Subchapter C, Chapter 42, Education Code, is  
22 amended by adding Section 42.157 to read as follows:

23 Sec. 42.157. PUBLIC EDUCATION GRANT ALLOTMENT. (a) Except  
24 as provided by Subsection (b), for each student in average daily  
25 attendance who is using a public education grant under Subchapter  
26 G, Chapter 29, to attend school in a district other than the  
27 district in which the student resides, the district in which the

1 student attends school is entitled to an annual allotment equal to  
2 the adjusted basic allotment multiplied by a weight of 0.1.

3 (b) The total number of allotments under this section to  
4 which a district is entitled may not exceed the number by which the  
5 number of students using public education grants to attend school  
6 in the district exceeds the number of students who reside in the  
7 district and use public education grants to attend school in  
8 another district.

9 SECTION 3. Subchapter H, Chapter 42, Education Code, is  
10 amended by adding Section 42.4101 to read as follows:

11 Sec. 42.4101. ADDITIONAL ASSISTANCE FOR DISTRICTS WITH  
12 STUDENTS USING PUBLIC EDUCATION GRANTS. (a) A district is  
13 entitled to additional assistance under this section as provided by  
14 Section 29.203(c).

15 (b) The amount of additional assistance under this section  
16 is computed by subtracting the number of students residing in the  
17 district and using public education grants to attend school in  
18 another district for the year in which the assistance is granted  
19 from the number of students using public education grants to attend  
20 school in the district for that year and multiplying the difference  
21 by \$266.

22 (c) If a district to which this section applies is entitled  
23 to the maximum amount of assistance under Section 42.406, the  
24 maximum is increased by the amount of additional assistance to  
25 which the district is entitled under this section.

26 SECTION 4. This Act applies beginning with the 1997-1998  
27 school year.

1           SECTION 5.   The importance of this legislation and the  
2 crowded condition of the calendars in both houses create an  
3 emergency and an imperative public necessity that the  
4 constitutional rule requiring bills to be read on three several  
5 days in each house be suspended, and this rule is hereby suspended,  
6 and that this Act take effect and be in force from and after its  
7 passage, and it is so enacted.



ADOPTED

MAY - 6 1997

Sharon Carter  
Chief Clerk  
House of Representatives

FLOOR AMENDMENT NO. ①

BY Heller

Amend C.S.H.B. No. 318 as follows:

(1) On page 4, between lines 20 and 21, insert the following new section:

SECTION 2. Subchapter G, Chapter 29, Education Code, is amended by adding Section 29.204 to read as follows:

Sec. 29.204. NOTIFICATION. (a) Not later than July 1 of each year, the commissioner shall provide a notice to each school district in which a campus described by Section 29.202 is located that:

(1) identifies each campus in the district that meets the description in Section 29.202; and

(2) informs the district that the district must comply with Subsection (b).

(b) Not later than July 15 of each year, a school district shall notify the parent of each student in the district assigned to attend a campus described by Section 29.202 that the student is eligible for a public education grant. The notice must contain a clear, concise explanation of the public education grant program and of the manner in which the parent may obtain further information about the program.

(2) On page 4, line 21, strike "SECTION 2" and substitute "SECTION 3".

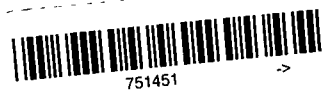
(3) On page 5, line 9, strike "SECTION 3" and substitute "SECTION 4".

(4) On page 5, line 26, strike "SECTION 4" and substitute

ADOPTED

MAY - 6 1997

Sharon Carter  
Chief Clerk  
House of Representatives



ADOPTED

MAY - 6 1997

Sharon Carter  
Chief Clerk  
House of Representatives

BY H. Allen

FLOOR AMENDMENT NO. (2)

Amend C.S.H.B. No. 318 on page 4, between lines 20 and 21, by inserting a new SECTION 2 of the bill to read as follows and by renumbering subsequent sections of the bill accordingly:

SECTION 2. Subchapter G, Chapter 29, Education Code, is amended by adding Section 29.204 to read as follows:

Sec. 29.204. CONTRACT AUTHORITY. The board of trustees of a school district may contract under Section 11.157 for the provision of educational services to a district student eligible to receive a public education grant under Section 29.202.

ADOPTED

MAY - 6 1997

Sharon Carter  
Chief Clerk  
House of Representatives

ADOPTED

MAY - 6 1997

Sharon Carter  
Chief Clerk  
House of Representatives

FLOOR AMENDMENT NO. 7

BY: [Signature]

1 Amend HB 318 by striking page 3, line 14 through page 4, line  
2 1 and inserting the following: *Statute 318*

3 ~~[(c)]~~ A school district chosen by a student's parent under  
4 Section 29.201 is entitled to ~~[accept or]~~ reject the application  
5 for the student to attend school in that district only if 95  
6 percent or more of the available positions for the grade level for  
7 which the student is applying are filled. The district ~~[but]~~ may  
8 not use criteria that discriminate on the basis of a student's  
9 race, ethnicity, academic achievement, athletic abilities, language  
10 proficiency, sex, or socioeconomic status. A school district that  
11 has more acceptable applicants for attendance under this subchapter  
12 than available positions must give priority to students at risk of  
13 dropping out of school as defined by Section 29.081 and must fill  
14 the available positions by lottery. However, to achieve continuity  
15 in education, a school district may give preference over at-risk  
16 students to enrolled students and to the siblings of enrolled  
17 students residing in the same household or other children residing  
18 in the same household as enrolled students for the convenience of  
19 parents, guardians, or custodians of those children.

ADOPTED

MAY - 6 1997

Sharon Carter  
Chief Clerk  
House of Representatives



2017-2018  
LEGISLATION

By Cuellar, et al.

H.B. No. 318

A BILL TO BE ENTITLED

AN ACT

relating to the public education grant program.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

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Sec. 29.202. ELIGIBILITY. (a) A student is eligible to receive a public education grant under this subchapter if the student is assigned to attend a public school campus:

(1) at which 50 percent or more of the students did not perform satisfactorily on an assessment instrument administered under Section 39.023(a) or (b) at any time in the preceding three years; or

(2) that was, at any time in the preceding three years, identified as low-performing by the commissioner under Subchapter D, Chapter 39.

(b) After a student has used a public education grant to attend a school in a district other than the district in which the student resides:

(1) the student does not become ineligible for the grant if the school on which the student's initial eligibility is based no longer meets the criteria under Subsection (a); and

(2) the student becomes ineligible for the grant if the student is assigned to attend a school that does not meet the criteria under Subsection (a).

1           Sec. 29.203. FINANCING.     (a) A student [~~eligible--under~~  
2     ~~Section--25.001--to--attend--school--in-a-school-district-but~~] who  
3     under this subchapter uses a public education grant to attend  
4     ~~[attends]~~ a public school in a school ~~[another]~~ district other  
5     than the district in which the student resides is included in the  
6     average daily attendance of the district in which the student  
7     ~~[resides.--The-district-in-which-the-student]~~ attends school ~~[shall~~  
8     ~~report-the-student's--attendance--to--the--district--in--which--the~~  
9     ~~student---resides---in---accordance---with--rules--adopted--by--the~~  
10    ~~commissioner]~~.

11           (b) A school district is entitled to the allotment provided  
12    by Section 42.157 for each eligible student using a public  
13    education grant. If the district has a wealth per student greater  
14    than the guaranteed wealth level but less than the equalized wealth  
15    level, a school district is entitled under rules adopted by the  
16    commissioner to additional state aid in an amount equal to the  
17    difference between the cost to the district of providing services  
18    to a student using a public education grant and the sum of the  
19    state aid received because of the allotment under Section 42.157  
20    and money from the available school fund attributable to the  
21    student.

22           (c) A school district is entitled to additional facilities  
23    assistance under Section 42.4101 if the district agrees to:

24               (1) accept a number of students using public education  
25    grants that is at least one percent of the district's average daily  
26    attendance for the preceding school year; and

27               (2) provide services to each student until the student

1 either voluntarily decides to attend a school in a different  
 2 district or graduates from high school.

3 (d) [~~A--student's--public-education-grant-is-the-total-state~~  
 4 ~~and-local-funding-per-student-for-the-school-district-in-which--the~~  
 5 ~~student--resides,---Total--funding--from--state--and--local-sources~~  
 6 ~~includes-special-allotments-under-Subchapter--C,--Chapter--42,--but~~  
 7 ~~does--not--include--small-district, sparsity, and cost-of-education~~  
 8 ~~adjustments-and-allotments-for-technology--and--transportation,---A~~  
 9 ~~student's-public-education-grant-is-the-entitlement-of-the-student,~~  
 10 ~~under--the--supervision--of--the--student's--parent, guardian, or~~  
 11 ~~custodian,--is--not--an--entitlement-of-any-school-district, and-is~~  
 12 ~~paid-to-a-school-district--solely--as--a--means--of--administrative~~  
 13 ~~convenience.~~

14 [~~(c)~~] A school district chosen by a student's parent under  
 15 Section 29.201 is entitled to [~~accept-or~~] reject the application  
 16 for the student to attend school in that district only if 95  
 17 percent or more of the available positions for the grade level for  
 18 which the student is applying are filled. The district [~~but~~] may  
 19 not use criteria that discriminate on the basis of a student's  
 20 race, ethnicity, academic achievement, athletic abilities, language  
 21 proficiency, sex, or socioeconomic status. A school district that  
 22 has more acceptable applicants for attendance under this subchapter  
 23 than available positions must give priority to students at risk of  
 24 dropping out of school as defined by Section 29.081 and must fill  
 25 the available positions by lottery. However, to achieve continuity  
 26 in education, a school district may give preference over at-risk  
 27 students to enrolled students and to the siblings of enrolled

1 students residing in the same household or other children residing  
2 in the same household as enrolled students for the convenience of  
3 parents, guardians, or custodians of those children.

4 (e) [(d)] A school district chosen by a student's parent  
5 under Section 29.201 may not charge the student tuition [~~in~~  
6 ~~addition-to-the-public-education-grant-or-charge--tuition--that--is~~  
7 ~~greater--than--the-district's-average-expenditure-per-student--The~~  
8 ~~school-district-in-which-the-student-resides--is--entitled--to--the~~  
9 ~~remainder,--if-any,--of-the-student's-public-education-grant-funds~~].

10 (f) [(e)] The school district in which a student resides  
11 shall provide each student attending a school in another district  
12 under this subchapter transportation free of charge to and from the  
13 school the student would otherwise attend.

14 (g) In this section:

15 (1) "Equalized wealth level" has the meaning assigned  
16 by Section 41.001.

17 (2) "Guaranteed wealth level" means a wealth per  
18 student equal to the dollar amount guaranteed level of state and  
19 local funds per weighted student per cent of tax effort, as  
20 provided by Section 42.302, multiplied by 10,000.

21 (3) "Wealth per student" has the meaning assigned by  
22 Section 41.001.

23 SECTION 2. Subchapter G, Chapter 29, Education Code, is  
24 amended by adding Section 29.204 to read as follows:

25 Sec. 29.204. NOTIFICATION. (a) Not later than July 1 of  
26 each year, the commissioner shall provide a notice to each school  
27 district in which a campus described by Section 29.202 is located

1     that:

2             (1) identifies each campus in the district that meets  
3     the description in Section 29.202; and

4             (2) informs the district that the district must comply  
5     with Subsection (b).

6             (b) Not later than July 15 of each year, a school district  
7     shall notify the parent of each student in the district assigned to  
8     attend a campus described by Section 29.202 that the student is  
9     eligible for a public education grant. The notice must contain a  
10    clear, concise explanation of the public education grant program  
11    and of the manner in which the parent may obtain further  
12    information about the program.

13            SECTION 3. Subchapter G, Chapter 29, Education Code, is  
14    amended by adding Section 29.205 to read as follows:

15            Sec. 29.205. CONTRACT AUTHORITY. The board of trustees of a  
16    school district may contract under Section 11.157 for the provision  
17    of educational services to a district student eligible to receive a  
18    public education grant under Section 29.202.

19            SECTION 4. Subchapter C, Chapter 42, Education Code, is  
20    amended by adding Section 42.157 to read as follows:

21            Sec. 42.157. PUBLIC EDUCATION GRANT ALLOTMENT. (a) Except  
22    as provided by Subsection (b), for each student in average daily  
23    attendance who is using a public education grant under Subchapter  
24    G, Chapter 29, to attend school in a district other than the  
25    district in which the student resides, the district in which the  
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27    the adjusted basic allotment multiplied by a weight of 0.1.

1        (b) The total number of allotments under this section to  
2        which a district is entitled may not exceed the number by which the  
3        number of students using public education grants to attend school  
4        in the district exceeds the number of students who reside in the  
5        district and use public education grants to attend school in  
6        another district.

7        SECTION 5. Subchapter H, Chapter 42, Education Code, is  
8        amended by adding Section 42.4101 to read as follows:

9        Sec. 42.4101. ADDITIONAL ASSISTANCE FOR DISTRICTS WITH  
10       STUDENTS USING PUBLIC EDUCATION GRANTS. (a) A district is  
11       entitled to additional assistance under this section as provided by  
12       Section 29.203(c).

13       (b) The amount of additional assistance under this section  
14       is computed by subtracting the number of students residing in the  
15       district and using public education grants to attend school in  
16       another district for the year in which the assistance is granted  
17       from the number of students using public education grants to attend  
18       school in the district for that year and multiplying the difference  
19       by \$266.

20       (c) If a district to which this section applies is entitled  
21       to the maximum amount of assistance under Section 42.406, the  
22       maximum is increased by the amount of additional assistance to  
23       which the district is entitled under this section.

24       SECTION 6. This Act applies beginning with the 1997-1998  
25       school year.

26       SECTION 7. The importance of this legislation and the  
27       crowded condition of the calendars in both houses create an

H.B. No. 318

1 emergency and an imperative public necessity that the  
2 constitutional rule requiring bills to be read on three several  
3 days in each house be suspended, and this rule is hereby suspended,  
4 and that this Act take effect and be in force from and after its  
5 passage, and it is so enacted.

# HOUSE ENGROSSMENT

By Cuellar, et al.

H.B. No. 318

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16    commissioner to additional state aid in an amount equal to the  
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18    to a student using a public education grant and the sum of the  
19    state aid received because of the allotment under Section 42.157  
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15 Section 29.201 is entitled to [accept-or] reject the application  
16 for the student to attend school in that district only if 95  
17 percent or more of the available positions for the grade level for  
18 which the student is applying are filled. The district [but] may  
19 not use criteria that discriminate on the basis of a student's  
20 race, ethnicity, academic achievement, athletic abilities, language  
21 proficiency, sex, or socioeconomic status. A school district that  
22 has more acceptable applicants for attendance under this subchapter  
23 than available positions must give priority to students at risk of  
24 dropping out of school as defined by Section 29.081 and must fill  
25 the available positions by lottery. However, to achieve continuity  
26 in education, a school district may give preference over at-risk  
27 students to enrolled students and to the siblings of enrolled

students residing in the same household or other children residing in the same household as enrolled students for the convenience of parents, guardians, or custodians of those children.

(e) [(d)] A school district chosen by a student's parent under Section 29.201 may not charge the student tuition [~~in addition to the public education grant or charge--tuition--that--is greater--than--the district's average expenditure per student--The school district in which the student resides--is--entitled--to--the remainder, if any, of the student's public education grant funds~~].

(f) [(e)] The school district in which a student resides shall provide each student attending a school in another district under this subchapter transportation free of charge to and from the school the student would otherwise attend.

(g) In this section:

(1) "Equalized wealth level" has the meaning assigned by Section 41.001.

(2) "Guaranteed wealth level" means a wealth per student equal to the dollar amount guaranteed level of state and local funds per weighted student per cent of tax effort, as provided by Section 42.302, multiplied by 10,000.

(3) "Wealth per student" has the meaning assigned by Section 41.001.

SECTION 2. Subchapter G, Chapter 29, Education Code, is amended by adding Section 29.204 to read as follows:

Sec. 29.204. NOTIFICATION. (a) Not later than July 1 of each year, the commissioner shall provide a notice to each school district in which a campus described by Section 29.202 is located

1 that:

2 (1) identifies each campus in the district that meets  
3 the description in Section 29.202; and

4 (2) informs the district that the district must comply  
5 with Subsection (b).

6 (b) Not later than July 15 of each year, a school district  
7 shall notify the parent of each student in the district assigned to  
8 attend a campus described by Section 29.202 that the student is  
9 eligible for a public education grant. The notice must contain a  
10 clear, concise explanation of the public education grant program  
11 and of the manner in which the parent may obtain further  
12 information about the program.

13 SECTION 3. Subchapter G, Chapter 29, Education Code, is  
14 amended by adding Section 29.205 to read as follows:

15 Sec. 29.205. CONTRACT AUTHORITY. The board of trustees of a  
16 school district may contract under Section 11.157 for the provision  
17 of educational services to a district student eligible to receive a  
18 public education grant under Section 29.202.

19 SECTION 4. Subchapter C, Chapter 42, Education Code, is  
20 amended by adding Section 42.157 to read as follows:

21 Sec. 42.157. PUBLIC EDUCATION GRANT ALLOTMENT. (a) Except  
22 as provided by Subsection (b), for each student in average daily  
23 attendance who is using a public education grant under Subchapter  
24 G, Chapter 29, to attend school in a district other than the  
25 district in which the student resides, the district in which the  
26 student attends school is entitled to an annual allotment equal to  
27 the adjusted basic allotment multiplied by a weight of 0.1.

1        (b) The total number of allotments under this section to  
2 which a district is entitled may not exceed the number by which the  
3 number of students using public education grants to attend school  
4 in the district exceeds the number of students who reside in the  
5 district and use public education grants to attend school in  
6 another district.

7        SECTION 5. Subchapter H, Chapter 42, Education Code, is  
8 amended by adding Section 42.4101 to read as follows:

9        Sec. 42.4101. ADDITIONAL ASSISTANCE FOR DISTRICTS WITH  
10 STUDENTS USING PUBLIC EDUCATION GRANTS. (a) A district is  
11 entitled to additional assistance under this section as provided by  
12 Section 29.203(c).

13        (b) The amount of additional assistance under this section  
14 is computed by subtracting the number of students residing in the  
15 district and using public education grants to attend school in  
16 another district for the year in which the assistance is granted  
17 from the number of students using public education grants to attend  
18 school in the district for that year and multiplying the difference  
19 by \$266.

20        (c) If a district to which this section applies is entitled  
21 to the maximum amount of assistance under Section 42.406, the  
22 maximum is increased by the amount of additional assistance to  
23 which the district is entitled under this section.

24        SECTION 6. This Act applies beginning with the 1997-1998  
25 school year.

26        SECTION 7. The importance of this legislation and the  
27 crowded condition of the calendars in both houses create an

H.B. No. 318

1 emergency and an imperative public necessity that the  
2 constitutional rule requiring bills to be read on three several  
3 days in each house be suspended, and this rule is hereby suspended,  
4 and that this Act take effect and be in force from and after its  
5 passage, and it is so enacted.

1-1 By: Cuellar, et al. (Senate Sponsor - Bivins) H.B. No. 318  
1-2 (In the Senate - Received from the House May 9, 1997;  
1-3 May 12, 1997, read first time and referred to Committee on  
1-4 Education; May 18, 1997, reported adversely, with favorable  
1-5 Committee Substitute by the following vote: Yeas 9, Nays 0;  
1-6 May 18, 1997, sent to printer.)

1-7 COMMITTEE SUBSTITUTE FOR H.B. No. 318 By: Bivins

1-8 A BILL TO BE ENTITLED  
1-9 AN ACT

1-10 relating to the public education grant program.

1-11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-12 SECTION 1. Sections 29.202 and 29.203, Education Code, are  
1-13 amended to read as follows:

1-14 Sec. 29.202. ELIGIBILITY. (a) A student is eligible to  
1-15 receive a public education grant or to attend another public school  
1-16 in the district in which the student resides under this subchapter  
1-17 if the student is assigned to attend a public school campus:

1-18 (1) at which 50 percent or more of the students did  
1-19 not perform satisfactorily on an assessment instrument administered  
1-20 under Section 39.023(a) or (b) during each of the [in--the]  
1-21 preceding three years; or

1-22 (2) that was, at any time in the preceding three  
1-23 years, identified as low-performing by the commissioner under  
1-24 Subchapter D, Chapter 39.

1-25 (b) After a student has used a public education grant to  
1-26 attend a school in a district other than the district in which the  
1-27 student resides:

1-28 (1) the student does not become ineligible for the  
1-29 grant if the school on which the student's initial eligibility is  
1-30 based no longer meets the criteria under Subsection (a); and

1-31 (2) the student becomes ineligible for the grant if  
1-32 the student is assigned to attend a school that does not meet the  
1-33 criteria under Subsection (a).

1-34 Sec. 29.203. FINANCING. (a) A student [~~eligible--under~~  
1-35 ~~Section-25.001-to-attend-school-in-a-school-district-but~~] who under  
1-36 this subchapter uses a public education grant to attend [attends] a  
1-37 public school in a school [another] district other than the  
1-38 district in which the student resides is included in the average  
1-39 daily attendance of the district in which the student [resides.  
1-40 ~~The-district-in-which-the-student~~] attends school [shall-report-the  
1-41 ~~student's--attendance--to-the-district-in-which-the-student-resides~~  
1-42 ~~in-accordance-with-rules-adopted-by-the-commissioner~~].

1-43 (b) A school district is entitled to the allotment provided  
1-44 by Section 42.157 for each eligible student using a public  
1-45 education grant. If the district has a wealth per student greater  
1-46 than the guaranteed wealth level but less than the equalized wealth  
1-47 level, a school district is entitled under rules adopted by the  
1-48 commissioner to additional state aid in an amount equal to the  
1-49 difference between the cost to the district of providing services  
1-50 to a student using a public education grant and the sum of the  
1-51 state aid received because of the allotment under Section 42.157  
1-52 and money from the available school fund attributable to the  
1-53 student.

1-54 (c) A school district is entitled to additional facilities  
1-55 assistance under Section 42.4101 if the district agrees to:

1-56 (1) accept a number of students using public education  
1-57 grants that is at least one percent of the district's average daily  
1-58 attendance for the preceding school year; and

1-59 (2) provide services to each student until the student  
1-60 either voluntarily decides to attend a school in a different  
1-61 district or graduates from high school.

1-62 (d) [~~A-student's-public-education-grant-is-the--total--state~~  
1-63 ~~and--local-funding-per-student-for-the-school-district-in-which-the~~  
1-64 ~~student-resides---Total--funding--from--state--and--local--sources~~]

includes--special--allotments--under--Subchapter C, Chapter 42, but does not include small district, sparsity, and cost of education adjustments--and--allotments--for technology and transportation--A student's public education grant is the entitlement of the student, under the supervision of the student's parent, guardian, or custodian, is not an entitlement of any school district, and is paid to a school district solely as a means of administrative convenience.

[~~(e)~~] A school district chosen by a student's parent under Section 29.201 is entitled to accept or reject the application for the student to attend school in that district but may not use criteria that discriminate on the basis of a student's race, ethnicity, academic achievement, athletic abilities, language proficiency, sex, or socioeconomic status. A school district that has more acceptable applicants for attendance under this subchapter than available positions must give priority to students at risk of dropping out of school as defined by Section 29.081 and must fill the available positions by lottery. However, to achieve continuity in education, a school district may give preference over at-risk students to enrolled students and to the siblings of enrolled students residing in the same household or other children residing in the same household as enrolled students for the convenience of parents, guardians, or custodians of those children.

(~~e~~) [~~(d)~~] A school district chosen by a student's parent under Section 29.201 may not charge the student tuition [~~in addition to the public education grant or charge tuition that is greater than the district's average expenditure per student. The school district in which the student resides is entitled to the remainder, if any, of the student's public education grant funds~~].

(f) [~~(e)~~] The school district in which a student resides shall provide each student attending a school in another district under this subchapter transportation free of charge to and from the school the student would otherwise attend.

(g) In this section:

(1) "Equalized wealth level" has the meaning assigned by Section 41.001.

(2) "Guaranteed wealth level" means a wealth per student equal to the dollar amount guaranteed level of state and local funds per weighted student per cent of tax effort, as provided by Section 42.302, multiplied by 10,000.

(3) "Wealth per student" has the meaning assigned by Section 41.001.

SECTION 2. Subchapter G, Chapter 29, Education Code, is amended by adding Section 29.204 to read as follows:

Sec. 29.204. NOTIFICATION. (a) Not later than January 1 of each year the commissioner shall, based on the preceding year, provide notice to each school district in which a campus described by Section 29.202 is located that:

(1) identifies each campus in the district that meets the description in Section 29.202; and

(2) informs the district that the district must comply with Subsection (b).

(b) Not later than February 1 of each year, a school district shall notify the parent of each student in the district assigned to attend a campus described by Section 29.202 that the student is eligible for a public education grant. The notice must contain a clear, concise explanation of the public education grant program and of the manner in which the parent may obtain further information about the program.

SECTION 3. Subchapter G, Chapter 29, Education Code, is amended by adding Section 29.205 to read as follows:

Sec. 29.205. CONTRACT AUTHORITY. The board of trustees of a school district may contract under Section 11.157 for the provision of educational services to a district student eligible to receive a public education grant under Section 29.202.

SECTION 4. Subchapter C, Chapter 42, Education Code, is amended by adding Section 42.157 to read as follows:

Sec. 42.157. PUBLIC EDUCATION GRANT ALLOTMENT. (a) Except as provided by Subsection (b), for each student in average daily



attendance who is using a public education grant under Subchapter G, Chapter 29, to attend school in a district other than the district in which the student resides, the district in which the student attends school is entitled to an annual allotment equal to the adjusted basic allotment multiplied by a weight of 0.1.

(b) The total number of allotments under this section to which a district is entitled may not exceed the number by which the number of students using public education grants to attend school in the district exceeds the number of students who reside in the district and use public education grants to attend school in another district.

SECTION 5. Subchapter H, Chapter 42, Education Code, is amended by adding Section 42.4101 to read as follows:

Sec. 42.4101. ADDITIONAL ASSISTANCE FOR DISTRICTS WITH STUDENTS USING PUBLIC EDUCATION GRANTS. (a) A district is entitled to additional assistance under this section as provided by Section 29.203(c).

(b) The amount of additional assistance under this section is computed by subtracting the number of students residing in the district and using public education grants to attend school in another district for the year in which the assistance is granted from the number of students using public education grants to attend school in the district for that year and multiplying the difference by \$266.

(c) If a district to which this section applies is entitled to the maximum amount of assistance under Section 42.406, the maximum is increased by the amount of additional assistance to which the district is entitled under this section.

SECTION 6. This Act applies beginning with the 1997-1998 school year.

SECTION 7. The importance of this legislation and the crowded condition of the calendars in both houses create an emergency and an imperative public necessity that the constitutional rule requiring bills to be read on three several days in each house be suspended, and this rule is hereby suspended, and that this Act take effect and be in force from and after its passage, and it is so enacted.

\* \* \* \* \*

FAVORABLY AS SUBSTITUTED  
SENATE COMMITTEE REPORT ON

SB SCR SJR SR HB HCR HJR 318  
By CUELLAR / BIVINS  
(Author/Senate Sponsor)  
5-17-97  
(date)

Sir:

We, your Committee on EDUCATION, to which was referred the attached measure,  
have on 5/17/97, had the same under consideration and I am instructed to report it  
(date of hearing)  
back with the recommendation (s) that it:

- ☒ do pass as substituted, and be printed  
☒ the caption remained the same as original measure  
☐ the caption changed with adoption of the substitute  
  
☐ do pass as substituted, and be ordered not printed  
☒ and is recommended for placement on the Local and Uncontested Bills Calendar.

A fiscal note was requested. ☒ yes ☐ no

A revised fiscal note was requested. ☒ yes ☐ no

An actuarial analysis was requested. ☐ yes ☒ no

Considered by subcommittee. ☐ yes ☒ no

The measure was reported from Committee by the following vote:

	YEA	NAY	ABSENT	PNV
Senator Bivins, Chairman	<input checked="" type="checkbox"/>			
Senator Luna, Vice-Chairman	<input checked="" type="checkbox"/>			
Senator Barrientos	<input checked="" type="checkbox"/>			
Senator Fraser	<input checked="" type="checkbox"/>			
Senator Galloway	<input checked="" type="checkbox"/>			
Senator Haywood	<input checked="" type="checkbox"/>			
Senator Ratliff			<input checked="" type="checkbox"/>	
Senator Shapleigh	<input checked="" type="checkbox"/>			
Senator Sibley	<input checked="" type="checkbox"/>			
Senator West	<input checked="" type="checkbox"/>			
Senator Zaffirini			<input checked="" type="checkbox"/>	
TOTAL VOTES	9	0	2	0

COMMITTEE ACTION

S260 Considered in public hearing  
S270 Testimony taken

[Signature]  
COMMITTEE CLERK

[Signature]  
CHAIRMAN

Paper clip the original and one copy of this signed form to the original bill along with TWO copies of the Committee Substitute  
Retain one copy of this form for Committee files

WITNESS LIST

HB 318  
SENATE COMMITTEE REPORT  
Education Committee

May 14, 1997 - 9:00A

Against: McLamore, Mike (ATPE), Austin

On: Boyle, Carolyn (Self), Austin

O'Sullivan, John P. (Tx. Fedn of Teachers), Austin

Wisnoski, Joe (TEA), Austin

## **BILL ANALYSIS**

Senate Research Center

C.S.H.B. 318  
By: Cuellar (Bivins)  
Education  
5-17-97  
Committee Report (Substituted)

### **DIGEST**

The Public Education Grant Program allows parents of students at low-performing schools to apply for the transfers of their child to the campus or district of their choice. There are concerns that school districts may be using the reserve space within the district for tuition-based transfers by accepting children on a tuition basis rather than through the grant program. This bill alters the current eligibility requirements for participation in the program, which makes it easier for students to become eligible for the grant.

### **PURPOSE**

As proposed, C.S.H.B. 318 sets forth provisions regarding public education grant programs.

### **RULEMAKING AUTHORITY**

This bill does not grant any additional rulemaking authority to a state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Sections 29.202 and 29.203, Education Code, as follows:

Sec. 29.202. ELIGIBILITY. Provides that a student is eligible to receive a public education grant or to attend another public school in the district in which the student resides under this subchapter if the student is assigned to a school in which 50 percent or more of the students did not perform satisfactorily on an assessment instrument administered under Section 39.23(a) or (b) during each of the preceding three years. Sets forth certain provisions to take effect after a student has used a public education grant to attend a school in a district other than the district in which the student resides.

Sec. 29.203. FINANCING. Provides that a student who under this subchapter uses a public education grant to attend a public school in a school district other than the district in which the student resides is included in the average daily attendance of the district in which the student attends school. Deletes provisions regarding the calculation of daily attendance for students eligible under Section 25.001. Sets forth provisions regarding the allotment of public education grants for a school district. Provides that a school district is entitled to additional facilities assistance under Section 42.4101 if the school district agrees to certain conditions. Deletes provisions which qualify student public education grants as total state and local funding per student for the school district. Provides that a school district chosen by a student's parent under Section 29.201 is entitled to accept or reject the application for the student to attend school in that district but may not use certain criteria that discriminates against a student. Deletes a provision prohibiting a student's parent from being charged tuition under certain conditions. Defines "equalized wealth level," "guaranteed wealth level," and "wealth per student."

SECTION 2. Amends Chapter 29G, Education Code, by adding Section 29.204, as follows:

Sec. 29.204. NOTIFICATION. Requires the commissioner of education to provide a notice, based on the preceding year, to each school district in which a campus described by Section 29.202 is located that meets certain conditions. Requires the school district to notify

the parent of each student in the district assigned to attend a campus described by Section 29.202 that the student is eligible for a public education grant not later than February 1 of each year. Requires the notice to contain certain information.

SECTION 3. Amends Chapter 29G, Education Code, by adding Section 29.205, as follows:

Sec. 29.205. CONTRACT AUTHORITY. Authorizes the board of trustees of a school district to contract under Section 11.157 for the provision of education services to a district student eligible to receive a public education grant under Section 29.202.

SECTION 4. Amends Chapter 42C, Education Code, by adding Section 42.157, as follows:

Sec. 42.157. PUBLIC EDUCATION GRANT ALLOTMENT. Sets forth provisions regarding the public education grant allotment for certain school districts.

SECTION 5. Amends Chapter 42H, Education Code, by adding Section 42.4101, as follows:

Sec. 42.4101. ADDITIONAL ASSISTANCE FOR DISTRICTS WITH STUDENTS USING PUBLIC EDUCATION GRANTS. Sets forth provisions regarding additional assistance for districts with student using public education grants.

SECTION 6. Provides that application of this Act begins with the 1997-1998 school year.

SECTION 7. Emergency clause.  
Effective date: upon passage.

#### **SUMMARY OF COMMITTEE CHANGES**

##### **SECTION 1.**

Amends Section 29.202(a), Education Code, to provide that a student is eligible to attend another public school in the district in which the student resides under this subchapter if the student is assigned to attend a public school campus at which a certain percentage of students did not perform satisfactorily on an assessment instrument administered under Section 39.023(a) or (b) during each of the preceding three years.

Amends Section 29.203(d), Education Code, to provide that a school district chosen by a student's parent under Section 29.201 is entitled to accept or reject the application from the student to attend school in that district but may not use certain criteria that discriminates against the student. Deletes a provision entitling a school district to reject the application for the student to attend school in that district only if 95 percent or more of the available positions for the grade level for which a student is applying are filled.

##### **SECTION 2.**

Amends Section 29.204(a), to require the commissioner, based on the preceding year, to provide notice to each school district in which a campus described by Section 29.202 is located that meets certain requirements, not later than January 1 of each year, rather than July 1 of each year. Requires a school district to notify the parent of each student in the district assigned to attend a campus described by Section 29.202 that the student is eligible for a public education grant not later than February 1 of each year, rather than July 1 of each year.

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE**  
**75th Regular Session**

May 17, 1997

To: Honorable Teel Bivins, Chair  
Committee on Education  
Senate  
Austin, Texas

IN RE: House Bill No. 318,  
Committee Report 2nd House,  
Substituted  
By: Cuellar

From: John Keel, Director

In response to your request for a Fiscal Note on HB318 (Relating to the public education grant program.) this office has determined the following:

---

**Biennial Net Impact to General Revenue Funds by HB318-Committee Report 2nd House,  
Substituted**

---

Implementing the provisions of the bill would result in a net (NEGATIVE) impact of \$(376,248-3,762,483) to General Revenue Related Funds through the biennium ending August 31, 1999

---

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

**Fiscal Analysis**

This bill would change the Public Education Grant (PEG) Program by altering the amount of the grant. It would continue grants even when the campus from which a student comes is no longer considered low performing.

Funding is altered to be based on the funding to which the district providing services is entitled under the Foundation School Program. For each student attending school at a district outside the district of residence under the PEG program, the educating district is entitled to an allotment equal to 10% of the adjusted basic allotment. Districts that are ineligible for funding under the guaranteed yield program are given supplemental assistance which is equivalent to any excess cost experienced by the district in providing services to a student that uses a PEG. School districts that agree to accept at least one percent of their population on the basis of a PEG are entitled to additional assistance in the school facilities assistance program.

School districts would be required to notify the parents of all students assigned to campuses which meet the criteria for the PEG program that the campus qualifies and that the student is eligible for a grant. The notification must be provided by February 1 of each year. School districts are also specifically authorized to contract with other private or public entities for educational services to students eligible to receive a public education grant, although the authority already exists in Section 11.157, Education Code.

**Methodology**

Pursuant to current law, 652 campuses with 491,005 students were eligible for a PEG grant in 1995-96. Of these, 31 students actually requested and received a Public Education Grant (.006 percent). Due to natural growth in program participation and the financial incentive provided in the bill, this estimate assumes growth in the rate of student participation.

Section 29.203 stipulates that Foundation School Program formula funding amounts of the receiving (or educating) district are used to calculate the grant amount. These amounts are equivalent to the amounts which would be generated for a typical transfer student, and are therefore assumed to have no direct fiscal implications for the state.

The Senate Committee Substitute for this bill would be synonymous with current law under which a campus is considered eligible only if in each of the three preceding school years 50% or more of the students did not perform satisfactorily on a TAAS instrument.

Sections 29.203 and 42.4101 provide additional assistance under the facilities program, but only about 26% of districts receive that assistance. It appears that the amount of assistance would be about equal to that provided under current law, and therefore is expected to have no significant impact.

Section 42.157 creates the Public Education Grant Allotment. This allotment is equal to 10% of the adjusted basic allotment and would likely average about \$267 based on the current average adjusted basic allotment amount. This allotment would also tend to increase the number of weighted students used in calculating the guaranteed yield amounts.

In addition, districts which do not receive funding in the second tier guaranteed yield program would be eligible for additional funding to the extent that actual costs of services exceed the amount of benefit in the Foundation School Program. While this would increase costs to the state, it is unclear how much this calculated excess cost would be. The typical amount of extra funding available in the guaranteed yield is about \$1100 per weighted student, although the actual amount is variable, and would apply to approximately 10% of the participants.

Given the low participation in the first year, this estimate provides two scenarios with different rates of participation. The first scenario assumes 0.1% of eligible students would participate, or roughly 491 students. At this level, the additional assistance in the form of the extra allotment would cost about \$131,097 per year. In the second scenario of a participation rate of 1%, cost of the allotment would reach about \$1,310,970 each year. The effect of extra allotments in the second tier of funding is approximately 40% of the cost in the first tier. This would raise the financial impact to the state to about \$183,536 per year for 0.1% participation, and to about \$1,835,358 for 1% participation.

Both scenarios assume an annual growth in participants of 5%.

The probable fiscal implications of implementing the provisions of the bill during each of the first five years following passage is estimated as follows:

The probable fiscal implications of implementing the provisions of the bill during each of the first five years following passage is estimated as follows:

#### Five Year Impact:

Fiscal Year	Probable Savings/(Cost) from Foundation School Fund 0193
-------------	--

1998	(\$183,536)
1999	(192,712)
2000	(202,348)
2001	(212,465)
2002	(223,089)

Fiscal Year	Probable Savings/(Cost) from Foundation School Fund 0193
1998	(\$1,835,358)
1999	(1,927,125)
2000	(2,023,482)
2001	(2,124,656)
2002	(2,230,889)

Similar annual fiscal implications would continue as long as the provisions of the bill are in effect.

The bill would require a specific notice be sent to the parents of students assigned to low performing schools as described by section 29.202. No significant fiscal implication to units of local government is anticipated.

Source: Agencies: 701 Texas Education Agency - Administration

LBB Staff: JK, LP, UP



**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE**  
**75th Regular Session**

May 14, 1997

To: Honorable Teel Bivins, Chair  
Committee on Education  
Senate  
Austin, Texas

IN RE: House Bill No. 318, As  
Engrossed  
By: Cuellar

From: John Keel, Director

In response to your request for a Fiscal Note on HB318 (Relating to the public education grant program.) this office has determined the following:

**Biennial Net Impact to General Revenue Funds by HB318-As Engrossed**

Implementing the provisions of the bill would result in a net (negative) impact of \$(922,500-9,225,000) to General Revenue Related Funds through the biennium ending August 31, 1999

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

**Fiscal Analysis**

The bill would significantly change both the eligibility requirements and the funding mechanism for the Public Education Grant Program (PEG).

**Changes to Eligibility:**

This bill significantly increases the number of campuses which meet eligibility criteria. The bill permits a campus to be considered eligible if in any of the last three (3) years more than 50% of the students did not perform satisfactorily on a TAAS test. Current law requires that that level of performance be met in each of the last three years. More than 2,000 campuses would have been identified based on the three most recent years of data, involving more than 1.2 million students.

Districts would be permitted to reject students seeking to attend school with a PEG only if 95% of the positions at the grade level for which a student applies are already filled. School districts would be required to notify parents of all students assigned to campuses which meet the criteria for the PEG program that the campus qualifies and the student is eligible for a grant.

**Changes to Funding Mechanism:**

Section 29.203 stipulates that Foundation School Program formula funding amounts of the receiving (or educating) district are used to calculate the grant amount. These amounts are equivalent to the amounts which would be generated for a typical transfer student, and are therefore assumed to have no direct fiscal implications for the state.

Sections 29.203 and 42.4101 provide additional assistance under the facilities

program, but only about 26% of districts receive that assistance. It appears that the amount of assistance would be about equal to that provided under current law, and therefore is expected to have no significant impact.

Section 42.157 creates the Public Education Grant Allotment. This allotment is equal to 10% of the adjusted basic allotment and would likely average about \$267 based on the current average adjusted basic allotment amount. This allotment would also tend to increase the number of weighted students used in calculating the guaranteed yield amounts.

In addition, districts which do not receive funding in the second tier guaranteed yield program would be eligible for additional funding to the extent that actual costs of services exceed the amount of benefit in the Foundation School Program. While this would increase costs to the state, it is unclear how much this calculated excess cost would be. The typical amount of extra funding available in the guaranteed yield is about \$1100 per weighted student, although the actual amount is variable, and would apply to approximately 10% of the participants.

## Methodology

Pursuant to current law, 652 campuses with 491,005 students were eligible for a PEG grant in 1995-96. Of these, 31 students actually requested and received a Public Education Grant (.006 percent). Due to the significantly broader eligibility requirements in the bill, and the financial incentive provided in the bill, this estimate assumes a much higher rate of program participation.

This estimate provides two scenarios: in the first, program participation is 0.1% (roughly 1,200 participants) the second scenario estimates a participation rate of 1% (12,000 students). Scenario 1 results in a cost of \$320,000 in the first year due to the allotment, plus \$130,000 for the excess costs associated with PEG participation in higher wealth districts, for a total first year cost of about \$450,000. At a participation rate of 1% (Scenario 2), the cost of the allotment would reach about \$3,200,000 in the first year, plus \$1,300,000 pursuant to the higher wealth districts for a total first year cost of about \$4,500,000.

Both scenarios assume an annual growth in participants of 5%.

The probable fiscal implications of implementing the provisions of the bill during each of the first five years following passage is estimated as follows:

The probable fiscal implications of implementing the provisions of the bill during each of the first five years following passage is estimated as follows:

## Five Year Impact:

Fiscal Year	Probable Savings/(Cost) from Foundation School Fund 0193
1998	(\$450,000)
1999	(472,500)
2000	(496,125)
2001	(520,931)
2002	(546,977)

Fiscal Year	Probable Savings/(Cost) from Foundation School Fund 0193
1998	(\$4,500,000)
1999	(4,725,000)
2000	(4,961,250)

2001	(5,209,312)
2002	(5,469,778)

Similar annual fiscal implications would continue as long as the provisions of the bill are in effect.

As engrossed, the bill would require a specific notice to be sent to the parents of students assigned to low performing schools. The number of notices is estimated to be \$1.2 million. Estimated cost to local school districts of sending the notice as required by the bill is \$450,000 annually.

Source: Agencies:  
701 Texas Education Agency - Administration  
LBB Staff: JK, LP, UP

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE**  
**75th Regular Session**

April 23, 1997

To: Honorable Paul Sadler, Chair  
Committee on Public Education  
House  
Austin, Texas

IN RE: House Bill No. 318,  
Committee Report 1st House,  
Substituted  
By: Cuellar

From: John Keel, Director

In response to your request for a Fiscal Note on HB318 (Relating to the public education grant program.) this office has determined the following:

---

**Biennial Net Impact to General Revenue Funds by HB318-Committee Report 1st House,  
Substituted**

---

Implementing the provisions of the bill would result in a net (negative) impact of \$(925,500-9,225,000) to General Revenue Related Funds through the biennium ending August 31, 1999.

---

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

**Fiscal Analysis**

The bill significantly changes both the eligibility requirements and the funding mechanism for the Public Education Grant Program (PEG).

**Changes to Eligibility:**

This bill significantly increases the number of campuses which meet eligibility criteria. The bill permits a campus to be considered eligible if in any of the last three (3) years more than 50% of the students did not perform satisfactorily on a TAAS test.

Current law requires that that level of performance be met in each of the last three years. More than 2,000 campuses would have been identified based on the three most recent years of data, involving more than 1.2 million students.

#### **Changes to Funding Mechanism:**

Section 29.203 stipulates that Foundation School Program formula funding amounts of the receiving (or educating) district are used to calculate the grant amount. These amounts are equivalent to the amounts which would be generated for a typical transfer student, and are therefore assumed to have no direct fiscal implications for the state.

Sections 29.203 and 42.4101 provide additional assistance under the facilities program, but only about 26% of districts receive that assistance. It appears that the amount of assistance would be about equal to that provided under current law, and therefore is expected to have no significant impact.

Section 42.157 creates the Public Education Grant Allotment. This allotment is equal to 10% of the adjusted basic allotment and would likely average about \$267 based on the current average adjusted basic allotment amount. This allotment would also tend to increase the number of weighted students used in calculating the guaranteed yield amounts.

In addition, districts which do not receive funding in the second tier guaranteed yield program would be eligible for additional funding to the extent that actual costs of services exceed the amount of benefit in the Foundation School Program. While this would increase costs to the state, it is unclear how much this calculated excess cost would be. The typical amount of extra funding available in the guaranteed yield is about \$1100 per weighted student, although the actual amount is variable, and would apply to approximately 10% of the participants.

#### **Methodology**

Pursuant to current law, 652 campuses with 491,005 students were eligible for a PEG grant in 1995-96. Of these, 31 students actually requested and received a Public Education Grant (.006 percent). Due to the significantly broader eligibility requirements in the bill, and the financial incentive provided in the bill, this estimate assumes a much higher rate of program participation.

This estimate provides two scenarios: in the first, program participation is 0.1% (roughly 1,200 participants) the second scenario estimates a participation rate of 1% (12,000 students). Scenario 1 results in a cost of \$320,000 in the first year due to the allotment, plus \$130,000 for the excess costs associated with PEG participation in higher wealth districts, for a total first year cost of about \$450,000. At a participation

rate of 1% (Scenario 2), the cost of the allotment would reach about \$3,200,000 in the first year, plus \$1,300,000 pursuant to the higher wealth districts for a total first year cost of about \$4,500,000.

Both scenarios assume an annual growth in participants of 5%.

The probable fiscal implications of implementing the provisions of the bill during each of the first five years following passage is estimated as follows:

**Five Year Impact:**

Fiscal Year	Probable Savings/(Cost) from Foundation School Fund 0193
1998	(\$450,000)
1999	(472,500)
2000	(496,125)
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2002	(546,977)

Fiscal Year	Probable Savings/(Cost) from Foundation School Fund 0193
1998	(\$4,500,000)
1999	(4,725,000)
2000	(4,961,250)
2001	(5,209,312)
2002	(5,469,778)

Similar annual fiscal implications would continue as long as the provisions of the bill are in effect.

No significant fiscal implication to units of local government is anticipated.

Source: Agencies: 701 Texas Education Agency - Administration

LBB Staff: JK, DH, UP

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE**  
**75th Regular Session**

March 31, 1997

To: Honorable Paul Sadler, Chair  
Committee on Public Education  
House  
Austin, Texas

IN RE: House Bill No. 318  
By: Cuellar

From: John Keel, Director

In response to your request for a Fiscal Note on HB318 (Relating to the public education grant program.) this office has determined the following:

<b>Biennial Net Impact to General Revenue Funds by HB318-As Introduced</b>
--

No fiscal implication to the state is anticipated.

---

No significant fiscal implication to units of local government is anticipated.

Source: Agencies: 701 Texas Education Agency - Administration  
304 Comptroller of Public Accounts

LBB Staff: JK, DH, UP, DD

LEGISLATIVE BUDGET BOARD

Equalized Education Funding Impact Statement

May 14, 1997

TO: Honorable Teel Bivins, Chair  
Committee on Education  
Senate  
Austin, Texas

IN RE: House Bill No. 318, As  
Engrossed  
By: Cuellar

FROM: **John Keel**, Director

In response to your request for a Equalized Education Funding Impact Statement on HB318 (Relating to the public education grant program.) this office has determined the following:

No impact on equalized funding requirements and policies affecting public education is anticipated from any of the provisions of this bill.



LEGISLATIVE BUDGET BOARD  
Equalized Education Funding Impact Statement

April 23, 1997

TO: Honorable Paul Sadler, Chair  
Committee on Public Education  
House  
Austin, Texas

IN RE: House Bill No. 318,  
Committee Report 1st House,  
Substituted  
By: Cuellar

FROM: **John Keel**, Director

In response to your request for a Equalized Education Funding Impact Statement on HB318 (Relating to the public education grant program.) this office has determined the following:

No impact on equalized funding requirements and policies affecting public education is anticipated from any of the provisions of this bill.

LEGISLATIVE BUDGET BOARD  
Equalized Education Funding Impact Statement

March 31, 1997

TO: Honorable Paul Sadler, Chair  
Committee on Public Education  
House  
Austin, Texas

IN RE: House Bill No. 318  
By: Cuellar

FROM: **John Keel**, Director

In response to your request for a Equalized Education Funding Impact Statement on HB318 ( Relating to the public education grant program.) this office has determined the following:

No impact on equalized funding requirements and policies affecting public education is anticipated from any of the provisions of this bill.

# REQUEST FOR LOCAL & UNCONTESTED CALENDAR PLACEMENT

SENATOR CHRIS HARRIS, CHAIRMAN  
SENATE COMMITTEE ON ADMINISTRATION

Notice is hereby given that HB 318 as substituted, by: Cuellar / Bivins,  
(Bill No.) (Author/Sponsor)

was heard by the Education Committee on 5/17, 1997,

and reported out with the recommendation that it be placed on the Local and Uncontested Calendar.

Shirley Lillydale  
(Clerk of the reporting committee)

One (1) copy

IMPORTANT: A COPY OF THIS FORM AND ~~TEN (10)~~ COPIES OF YOUR BILL/RESOLUTION  
(COMMITTEE PRINTED VERSION) MUST BE DELIVERED TO THE ADMINISTRATION COMMITTEE  
OFFICE, E1.714. DEADLINES FOR SUBMITTING BILLS WILL BE ANNOUNCED ON A REGULAR  
BASIS.

Substitute the following for H.B. No. 318:

By: Brian

**ADOPTED**

MAY 26 1997

C.S.H.B. No. 318

*Letty Ling*  
Secretary of the Senate

A BILL TO BE ENTITLED

AN ACT

relating to the public education grant program.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Sections 29.202 and 29.203, Education Code, are amended to read as follows:

Sec. 29.202. ELIGIBILITY. (a) A student is eligible to receive a public education grant or to attend another public school in the district in which the student resides under this subchapter if the student is assigned to attend a public school campus:

(1) at which 50 percent or more of the students did not perform satisfactorily on an assessment instrument administered under Section 39.023(a) or (b) during each of the [in the] preceding three years; or

(2) that was, at any time in the preceding three years, identified as low-performing by the commissioner under Subchapter D, Chapter 39.

(b) After a student has used a public education grant to attend a school in a district other than the district in which the student resides:

(1) the student does not become ineligible for the grant if the school on which the student's initial eligibility is based no longer meets the criteria under Subsection (a); and

(2) the student becomes ineligible for the grant if the student is assigned to attend a school that does not meet the criteria under Subsection (a).

Sec. 29.203. FINANCING. (a) A student ~~[eligible under Section 25.001 to attend school in a school district but]~~ who under this subchapter uses a public education grant to attend ~~[attends]~~ a public school in a school ~~[another]~~ district other than the district in which the student resides is included in the average daily attendance of the district in which the student ~~[resides. The district in which the student]~~ attends school ~~[shall report the student's attendance to the~~

1 ~~district in which the student resides in accordance with rules adopted by the commissioner].~~

2 (b) A school district is entitled to the allotment provided by Section 42.157 for each  
3 eligible student using a public education grant. If the district has a wealth per student greater  
4 than the guaranteed wealth level but less than the equalized wealth level, a school district is  
5 entitled under rules adopted by the commissioner to additional state aid in an amount equal to  
6 the difference between the cost to the district of providing services to a student using a public  
7 education grant and the sum of the state aid received because of the allotment under Section  
8 42.157 and money from the available school fund attributable to the student.

9 (c) A school district is entitled to additional facilities assistance under Section 42.4101  
10 if the district agrees to:

11 (1) accept a number of students using public education grants that is at least one  
12 percent of the district's average daily attendance for the preceding school year; and

13 (2) provide services to each student until the student either voluntarily decides to  
14 attend a school in a different district or graduates from high school.

15 (d) ~~[A student's public education grant is the total state and local funding per student for~~  
16 ~~the school district in which the student resides. Total funding from state and local sources~~  
17 ~~includes special allotments under Subchapter C, Chapter 42, but does not include small district,~~  
18 ~~sparsity, and cost of education adjustments and allotments for technology and transportation.~~  
19 ~~A student's public education grant is the entitlement of the student, under the supervision of the~~  
20 ~~student's parent, guardian, or custodian, is not an entitlement of any school district, and is paid~~  
21 ~~to a school district solely as a means of administrative convenience.~~

22 [(c)] A school district chosen by a student's parent under Section 29.201 is entitled to  
23 accept or reject the application for the student to attend school in that district but may not use  
24 criteria that discriminate on the basis of a student's race, ethnicity, academic achievement,  
25 athletic abilities, language proficiency, sex, or socioeconomic status. A school district that has  
26 more acceptable applicants for attendance under this subchapter than available positions must  
27 give priority to students at risk of dropping out of school as defined by Section 29.081 and must  
28 fill the available positions by lottery. However, to achieve continuity in education, a school  
29 district may give preference over at-risk students to enrolled students and to the siblings of  
30 enrolled students residing in the same household or other children residing in the same household

1 as enrolled students for the convenience of parents, guardians, or custodians of those children.

2 (e) [(d)] A school district chosen by a student's parent under Section 29.201 may not  
3 charge the student tuition [~~in addition to the public education grant or charge tuition that is~~  
4 ~~greater than the district's average expenditure per student. The school district in which the~~  
5 ~~student resides is entitled to the remainder, if any, of the student's public education grant funds~~].

6 (f) [(e)] The school district in which a student resides shall provide each student  
7 attending a school in another district under this subchapter transportation free of charge to and  
8 from the school the student would otherwise attend.

9 (g) In this section:

10 (1) "Equalized wealth level" has the meaning assigned by Section 41.001.

11 (2) "Guaranteed wealth level" means a wealth per student equal to the dollar  
12 amount guaranteed level of state and local funds per weighted student per cent of tax effort, as  
13 provided by Section 42.302, multiplied by 10,000.

14 (3) "Wealth per student" has the meaning assigned by Section 41.001.

15 SECTION 2. Subchapter G, Chapter 29, Education Code, is amended by adding Section  
16 29.204 to read as follows:

17 Sec. 29.204. NOTIFICATION. (a) Not later than January 1 of each year the  
18 commissioner shall, based on the preceding year, provide notice to each school district in which  
19 a campus described by Section 29.202 is located that:

20 (1) identifies each campus in the district that meets the description in Section  
21 29.202; and

22 (2) informs the district that the district must comply with Subsection (b).

23 (b) Not later than February 1 of each year, a school district shall notify the parent of each  
24 student in the district assigned to attend a campus described by Section 29.202 that the student  
25 is eligible for a public education grant. The notice must contain a clear, concise explanation of  
26 the public education grant program and of the manner in which the parent may obtain further  
27 information about the program.

28 SECTION 3. Subchapter G, Chapter 29, Education Code, is amended by adding Section  
29 29.205 to read as follows:

30 Sec. 29.205. CONTRACT AUTHORITY. The board of trustees of a school district may

1 contract under Section 11.157 for the provision of educational services to a district student  
2 eligible to receive a public education grant under Section 29.202.

3 SECTION 4. Subchapter C, Chapter 42, Education Code, is amended by adding Section  
4 42.157 to read as follows:

5 Sec. 42.157. PUBLIC EDUCATION GRANT ALLOTMENT. (a) Except as provided  
6 by Subsection (b), for each student in average daily attendance who is using a public education  
7 grant under Subchapter G, Chapter 29, to attend school in a district other than the district in  
8 which the student resides, the district in which the student attends school is entitled to an annual  
9 allotment equal to the adjusted basic allotment multiplied by a weight of 0.1.

10 (b) The total number of allotments under this section to which a district is entitled may  
11 not exceed the number by which the number of students using public education grants to attend  
12 school in the district exceeds the number of students who reside in the district and use public  
13 education grants to attend school in another district.

14 SECTION 5. Subchapter H, Chapter 42, Education Code, is amended by adding Section  
15 42.4101 to read as follows:

16 Sec. 42.4101. ADDITIONAL ASSISTANCE FOR DISTRICTS WITH STUDENTS  
17 USING PUBLIC EDUCATION GRANTS. (a) A district is entitled to additional assistance  
18 under this section as provided by Section 29.203(c).

19 (b) The amount of additional assistance under this section is computed by subtracting  
20 the number of students residing in the district and using public education grants to attend school  
21 in another district for the year in which the assistance is granted from the number of students  
22 using public education grants to attend school in the district for that year and multiplying the  
23 difference by \$266.

24 (c) If a district to which this section applies is entitled to the maximum amount of  
25 assistance under Section 42.406, the maximum is increased by the amount of additional  
26 assistance to which the district is entitled under this section.

27 SECTION 6. This Act applies beginning with the 1997-1998 school year.

28 SECTION 7. The importance of this legislation and the crowded condition of the  
29 calendars in both houses create an emergency and an imperative public necessity that the  
30 constitutional rule requiring bills to be read on three several days in each house be suspended,

1 and this rule is hereby suspended, and that this Act take effect and be in force from and after its  
2 passage, and it is so enacted.



# SENATE AMENDMENTS

2<sup>nd</sup> Printing

By Cuellar, et al.

H.B. No. 318

A BILL TO BE ENTITLED

AN ACT

relating to the public education grant program.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Sections 29.202 and 29.203, Education Code, are amended to read as follows:

Sec. 29.202. ELIGIBILITY. (a) A student is eligible to receive a public education grant under this subchapter if the student is assigned to attend a public school campus:

(1) at which 50 percent or more of the students did not perform satisfactorily on an assessment instrument administered under Section 39.023(a) or (b) at any time in the preceding three years; or

(2) that was, at any time in the preceding three years, identified as low-performing by the commissioner under Subchapter D, Chapter 39.

(b) After a student has used a public education grant to attend a school in a district other than the district in which the student resides:

(1) the student does not become ineligible for the grant if the school on which the student's initial eligibility is based no longer meets the criteria under Subsection (a); and

(2) the student becomes ineligible for the grant if the student is assigned to attend a school that does not meet the criteria under Subsection (a).

1           Sec. 29.203. FINANCING.     (a) A student [~~eligible--under~~  
2     ~~Section--25.001--to--attend--school--in-a-school-district-but~~] who  
3     under this subchapter uses a public education grant to attend  
4     ~~[attends]~~ a public school in a school ~~[another]~~ district other  
5     than the district in which the student resides is included in the  
6     average daily attendance of the district in which the student  
7     ~~[resides.--The-district-in-which-the-student]~~ attends school ~~[shall~~  
8     ~~report-the-student's--attendance--to--the--district--in--which--the~~  
9     ~~student---resides---in---accordance---with--rules--adopted--by--the~~  
10    ~~commissioner]~~.

11           (b) A school district is entitled to the allotment provided  
12    by Section 42.157 for each eligible student using a public  
13    education grant. If the district has a wealth per student greater  
14    than the guaranteed wealth level but less than the equalized wealth  
15    level, a school district is entitled under rules adopted by the  
16    commissioner to additional state aid in an amount equal to the  
17    difference between the cost to the district of providing services  
18    to a student using a public education grant and the sum of the  
19    state aid received because of the allotment under Section 42.157  
20    and money from the available school fund attributable to the  
21    student.

22           (c) A school district is entitled to additional facilities  
23    assistance under Section 42.4101 if the district agrees to:

24           (1) accept a number of students using public education  
25    grants that is at least one percent of the district's average daily  
26    attendance for the preceding school year; and

27           (2) provide services to each student until the student

1 either voluntarily decides to attend a school in a different  
 2 district or graduates from high school.

3 (d) [~~A--student's--public-education-grant-is-the-total-state~~  
 4 ~~and-local-funding-per-student-for-the-school-district-in-which--the~~  
 5 ~~student--resides:---Total--funding--from--state--and--local-sources~~  
 6 ~~includes-special-allotments-under-Subchapter--C7--Chapter--427--but~~  
 7 ~~does--not--include--small-district7-sparsity7-and-cost-of-education~~  
 8 ~~adjustments-and-allotments-for-technology--and--transportation:---A~~  
 9 ~~student's-public-education-grant-is-the-entitlement-of-the-student7~~  
 10 ~~under--the--supervision--of--the--student's--parent7--guardian7--or~~  
 11 ~~custodian7--is--not--an--entitlement-of-any-school-district7-and-is~~  
 12 ~~paid-to-a-school-district--solely--as--a--means--of--administrative~~  
 13 ~~convenience7~~

14 [(e)] A school district chosen by a student's parent under  
 15 Section 29.201 is entitled to [~~accept-or~~] reject the application  
 16 for the student to attend school in that district only if 95  
 17 percent or more of the available positions for the grade level for  
 18 which the student is applying are filled. The district [~~but~~] may  
 19 not use criteria that discriminate on the basis of a student's  
 20 race, ethnicity, academic achievement, athletic abilities, language  
 21 proficiency, sex, or socioeconomic status. A school district that  
 22 has more acceptable applicants for attendance under this subchapter  
 23 than available positions must give priority to students at risk of  
 24 dropping out of school as defined by Section 29.081 and must fill  
 25 the available positions by lottery. However, to achieve continuity  
 26 in education, a school district may give preference over at-risk  
 27 students to enrolled students and to the siblings of enrolled

students residing in the same household or other children residing in the same household as enrolled students for the convenience of parents, guardians, or custodians of those children.

(e) [~~d~~] A school district chosen by a student's parent under Section 29.201 may not charge the student tuition [~~in addition to the public education grant or charge--tuition--that--is greater--than--the district's average expenditure per student--The school district in which the student resides--is--entitled--to--the remainder, if any, of the student's public education grant funds~~].

(f) [~~e~~] The school district in which a student resides shall provide each student attending a school in another district under this subchapter transportation free of charge to and from the school the student would otherwise attend.

(g) In this section:

(1) "Equalized wealth level" has the meaning assigned by Section 41.001.

(2) "Guaranteed wealth level" means a wealth per student equal to the dollar amount guaranteed level of state and local funds per weighted student per cent of tax effort, as provided by Section 42.302, multiplied by 10,000.

(3) "Wealth per student" has the meaning assigned by Section 41.001.

SECTION 2. Subchapter G, Chapter 29, Education Code, is amended by adding Section 29.204 to read as follows:

Sec. 29.204. NOTIFICATION. (a) Not later than July 1 of each year, the commissioner shall provide a notice to each school district in which a campus described by Section 29.202 is located

1 that:

2 (1) identifies each campus in the district that meets  
3 the description in Section 29.202; and

4 (2) informs the district that the district must comply  
5 with Subsection (b).

6 (b) Not later than July 15 of each year, a school district  
7 shall notify the parent of each student in the district assigned to  
8 attend a campus described by Section 29.202 that the student is  
9 eligible for a public education grant. The notice must contain a  
10 clear, concise explanation of the public education grant program  
11 and of the manner in which the parent may obtain further  
12 information about the program.

13 SECTION 3. Subchapter G, Chapter 29, Education Code, is  
14 amended by adding Section 29.205 to read as follows:

15 Sec. 29.205. CONTRACT AUTHORITY. The board of trustees of a  
16 school district may contract under Section 11.157 for the provision  
17 of educational services to a district student eligible to receive a  
18 public education grant under Section 29.202.

19 SECTION 4. Subchapter C, Chapter 42, Education Code, is  
20 amended by adding Section 42.157 to read as follows:

21 Sec. 42.157. PUBLIC EDUCATION GRANT ALLOTMENT. (a) Except  
22 as provided by Subsection (b), for each student in average daily  
23 attendance who is using a public education grant under Subchapter  
24 G, Chapter 29, to attend school in a district other than the  
25 district in which the student resides, the district in which the  
26 student attends school is entitled to an annual allotment equal to  
27 the adjusted basic allotment multiplied by a weight of 0.1.

1        (b) The total number of allotments under this section to  
2        which a district is entitled may not exceed the number by which the  
3        number of students using public education grants to attend school  
4        in the district exceeds the number of students who reside in the  
5        district and use public education grants to attend school in  
6        another district.

7        SECTION 5. Subchapter H, Chapter 42, Education Code, is  
8        amended by adding Section 42.4101 to read as follows:

9        Sec. 42.4101. ADDITIONAL ASSISTANCE FOR DISTRICTS WITH  
10       STUDENTS USING PUBLIC EDUCATION GRANTS. (a) A district is  
11       entitled to additional assistance under this section as provided by  
12       Section 29.203(c).

13       (b) The amount of additional assistance under this section  
14       is computed by subtracting the number of students residing in the  
15       district and using public education grants to attend school in  
16       another district for the year in which the assistance is granted  
17       from the number of students using public education grants to attend  
18       school in the district for that year and multiplying the difference  
19       by \$266.

20       (c) If a district to which this section applies is entitled  
21       to the maximum amount of assistance under Section 42.406, the  
22       maximum is increased by the amount of additional assistance to  
23       which the district is entitled under this section.

24       SECTION 6. This Act applies beginning with the 1997-1998  
25       school year.

26       SECTION 7. The importance of this legislation and the  
27       crowded condition of the calendars in both houses create an

H.B. No. 318

1        emergency    and    an    imperative    public    necessity    that    the  
2        constitutional rule requiring bills to be read on three several  
3        days in each house be suspended, and this rule is hereby suspended,  
4        and that this Act take effect and be in force from and after its  
5        passage, and it is so enacted.

By: Cuellar, et al.

H.B. No. 318

Substitute the following for H.B. No. 318:

By: *Brin*

**ADOPTED**

MAY 26 1997

C.S.H.B. No. 318

*Litty Ling*  
Secretary of the Senate

A BILL TO BE ENTITLED

AN ACT

relating to the public education grant program.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Sections 29.202 and 29.203, Education Code, are amended to read as follows:

Sec. 29.202. ELIGIBILITY. (a) A student is eligible to receive a public education grant or to attend another public school in the district in which the student resides under this subchapter if the student is assigned to attend a public school campus:

(1) at which 50 percent or more of the students did not perform satisfactorily on an assessment instrument administered under Section 39.023(a) or (b) during each of the ~~[in the]~~ preceding three years; or

(2) that was, at any time in the preceding three years, identified as low-performing by the commissioner under Subchapter D, Chapter 39.

(b) After a student has used a public education grant to attend a school in a district other than the district in which the student resides:

(1) the student does not become ineligible for the grant if the school on which the student's initial eligibility is based no longer meets the criteria under Subsection (a); and

(2) the student becomes ineligible for the grant if the student is assigned to attend a school that does not meet the criteria under Subsection (a).

Sec. 29.203. FINANCING. (a) A student ~~[eligible under Section 25.001 to attend school in a school district but]~~ who under this subchapter uses a public education grant to attend ~~[attends]~~ a public school in a school ~~[another]~~ district other than the district in which the student resides is included in the average daily attendance of the district in which the student ~~[resides. The district in which the student]~~ attends school ~~[shall report the student's attendance to the~~



1 district in which the student resides in accordance with rules adopted by the commissioner].

2 (b) A school district is entitled to the allotment provided by Section 42.157 for each  
3 eligible student using a public education grant. If the district has a wealth per student greater  
4 than the guaranteed wealth level but less than the equalized wealth level, a school district is  
5 entitled under rules adopted by the commissioner to additional state aid in an amount equal to  
6 the difference between the cost to the district of providing services to a student using a public  
7 education grant and the sum of the state aid received because of the allotment under Section  
8 42.157 and money from the available school fund attributable to the student.

9 (c) A school district is entitled to additional facilities assistance under Section 42.4101  
10 if the district agrees to:

11 (1) accept a number of students using public education grants that is at least one  
12 percent of the district's average daily attendance for the preceding school year; and

13 (2) provide services to each student until the student either voluntarily decides to  
14 attend a school in a different district or graduates from high school.

15 (d) ~~[A student's public education grant is the total state and local funding per student for~~  
16 ~~the school district in which the student resides. Total funding from state and local sources~~  
17 ~~includes special allotments under Subchapter C, Chapter 42, but does not include small district,~~  
18 ~~sparsity, and cost of education adjustments and allotments for technology and transportation.~~  
19 ~~A student's public education grant is the entitlement of the student, under the supervision of the~~  
20 ~~student's parent, guardian, or custodian, is not an entitlement of any school district, and is paid~~  
21 ~~to a school district solely as a means of administrative convenience.~~

22 [(e)] A school district chosen by a student's parent under Section 29.201 is entitled to  
23 accept or reject the application for the student to attend school in that district but may not use  
24 criteria that discriminate on the basis of a student's race, ethnicity, academic achievement,  
25 athletic abilities, language proficiency, sex, or socioeconomic status. A school district that has  
26 more acceptable applicants for attendance under this subchapter than available positions must  
27 give priority to students at risk of dropping out of school as defined by Section 29.081 and must  
28 fill the available positions by lottery. However, to achieve continuity in education, a school  
29 district may give preference over at-risk students to enrolled students and to the siblings of  
30 enrolled students residing in the same household or other children residing in the same household

1 as enrolled students for the convenience of parents, guardians, or custodians of those children.

2 (e) [(d)] A school district chosen by a student's parent under Section 29.201 may not  
3 charge the student tuition ~~[in addition to the public education grant or charge tuition that is~~  
4 ~~greater than the district's average expenditure per student. The school district in which the~~  
5 ~~student resides is entitled to the remainder, if any, of the student's public education grant funds].~~

6 (f) [(e)] The school district in which a student resides shall provide each student  
7 attending a school in another district under this subchapter transportation free of charge to and  
8 from the school the student would otherwise attend.

9 (g) In this section:

10 (1) "Equalized wealth level" has the meaning assigned by Section 41.001.

11 (2) "Guaranteed wealth level" means a wealth per student equal to the dollar  
12 amount guaranteed level of state and local funds per weighted student per cent of tax effort, as  
13 provided by Section 42.302, multiplied by 10,000.

14 (3) "Wealth per student" has the meaning assigned by Section 41.001.

15 SECTION 2. Subchapter G, Chapter 29, Education Code, is amended by adding Section  
16 29.204 to read as follows:

17 Sec. 29.204. NOTIFICATION. (a) Not later than January 1 of each year the  
18 commissioner shall, based on the preceding year, provide notice to each school district in which  
19 a campus described by Section 29.202 is located that:

20 (1) identifies each campus in the district that meets the description in Section  
21 29.202; and

22 (2) informs the district that the district must comply with Subsection (b).

23 (b) Not later than February 1 of each year, a school district shall notify the parent of each  
24 student in the district assigned to attend a campus described by Section 29.202 that the student  
25 is eligible for a public education grant. The notice must contain a clear, concise explanation of  
26 the public education grant program and of the manner in which the parent may obtain further  
27 information about the program.

28 SECTION 3. Subchapter G, Chapter 29, Education Code, is amended by adding Section  
29 29.205 to read as follows:

30 Sec. 29.205. CONTRACT AUTHORITY. The board of trustees of a school district may

1 contract under Section 11.157 for the provision of educational services to a district student  
2 eligible to receive a public education grant under Section 29.202.

3 SECTION 4. Subchapter C, Chapter 42, Education Code, is amended by adding Section  
4 42.157 to read as follows:

5 Sec. 42.157. PUBLIC EDUCATION GRANT ALLOTMENT. (a) Except as provided  
6 by Subsection (b), for each student in average daily attendance who is using a public education  
7 grant under Subchapter G, Chapter 29, to attend school in a district other than the district in  
8 which the student resides, the district in which the student attends school is entitled to an annual  
9 allotment equal to the adjusted basic allotment multiplied by a weight of 0.1.

10 (b) The total number of allotments under this section to which a district is entitled may  
11 not exceed the number by which the number of students using public education grants to attend  
12 school in the district exceeds the number of students who reside in the district and use public  
13 education grants to attend school in another district.

14 SECTION 5. Subchapter H, Chapter 42, Education Code, is amended by adding Section  
15 42.4101 to read as follows:

16 Sec. 42.4101. ADDITIONAL ASSISTANCE FOR DISTRICTS WITH STUDENTS  
17 USING PUBLIC EDUCATION GRANTS. (a) A district is entitled to additional assistance  
18 under this section as provided by Section 29.203(c).

19 (b) The amount of additional assistance under this section is computed by subtracting  
20 the number of students residing in the district and using public education grants to attend school  
21 in another district for the year in which the assistance is granted from the number of students  
22 using public education grants to attend school in the district for that year and multiplying the  
23 difference by \$266.

24 (c) If a district to which this section applies is entitled to the maximum amount of  
25 assistance under Section 42.406, the maximum is increased by the amount of additional  
26 assistance to which the district is entitled under this section.

27 SECTION 6. This Act applies beginning with the 1997-1998 school year.

28 SECTION 7. The importance of this legislation and the crowded condition of the  
29 calendars in both houses create an emergency and an imperative public necessity that the  
30 constitutional rule requiring bills to be read on three several days in each house be suspended,

1 and this rule is hereby suspended, and that this Act take effect and be in force from and after its  
2 passage, and it is so enacted.

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE**  
**75th Regular Session**

May 17, 1997

To: Honorable Teel Bivins, Chair  
Committee on Education  
Senate  
Austin, Texas

IN RE: House Bill No. 318,  
Committee Report 2nd House,  
Substituted  
By: Cuellar

From: John Keel, Director

In response to your request for a Fiscal Note on HB318 (Relating to the public education grant program.) this office has determined the following:

<p><b>Biennial Net Impact to General Revenue Funds by HB318-Committee Report 2nd House, Substituted</b></p>
---

Implementing the provisions of the bill would result in a net (NEGATIVE) impact of \$(376,248-3,762,483) to General Revenue Related Funds through the biennium ending August 31, 1999

---

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

**Fiscal Analysis**

This bill would change the Public Education Grant (PEG) Program by altering the amount of the grant. It would continue grants even when the campus from which a student comes is no longer considered low performing.

Funding is altered to be based on the funding to which the district providing services is entitled under the Foundation School Program. For each student attending school at a district outside the district of residence under the PEG program, the educating district is entitled to an allotment equal to 10% of the adjusted basic allotment. Districts that are ineligible for funding under the guaranteed yield program are given supplemental assistance which is equivalent to any excess cost experienced by the district in providing services to a student that uses a PEG. School districts that agree to accept at least one percent of their population on the basis of a PEG are entitled to additional assistance in the school facilities assistance program.

School districts would be required to notify the parents of all students assigned to campuses which meet the criteria for the PEG program that the campus qualifies and that the student is eligible for a grant. The notification must be provided by February 1 of each year. School districts are also specifically authorized to contract with other private or public entities for educational services to students eligible to receive a public education grant, although the authority already exists in Section 11.157, Education Code.

**Methodology**

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Pursuant to current law, 652 campuses with 491,005 students were eligible for a PEG grant in 1995-96. Of these, 31 students actually requested and received a Public Education Grant (.006 percent). Due to natural growth in program participation and the financial incentive provided in the bill, this estimate assumes growth in the rate of student participation.

Section 29.203 stipulates that Foundation School Program formula funding amounts of the receiving (or educating) district are used to calculate the grant amount. These amounts are equivalent to the amounts which would be generated for a typical transfer student, and are therefore assumed to have no direct fiscal implications for the state.

The Senate Committee Substitute for this bill would be synonymous with current law under which a campus is considered eligible only if in each of the three preceding school years 50% or more of the students did not perform satisfactorily on a TAAS instrument.

Sections 29.203 and 42.4101 provide additional assistance under the facilities program, but only about 26% of districts receive that assistance. It appears that the amount of assistance would be about equal to that provided under current law, and therefore is expected to have no significant impact.

Section 42.157 creates the Public Education Grant Allotment. This allotment is equal to 10% of the adjusted basic allotment and would likely average about \$267 based on the current average adjusted basic allotment amount. This allotment would also tend to increase the number of weighted students used in calculating the guaranteed yield amounts.

In addition, districts which do not receive funding in the second tier guaranteed yield program would be eligible for additional funding to the extent that actual costs of services exceed the amount of benefit in the Foundation School Program. While this would increase costs to the state, it is unclear how much this calculated excess cost would be. The typical amount of extra funding available in the guaranteed yield is about \$1100 per weighted student, although the actual amount is variable, and would apply to approximately 10% of the participants.

Given the low participation in the first year, this estimate provides two scenarios with different rates of participation. The first scenario assumes 0.1% of eligible students would participate, or roughly 491 students. At this level, the additional assistance in the form of the extra allotment would cost about \$131,097 per year. In the second scenario of a participation rate of 1%, cost of the allotment would reach about \$1,310,970 each year. The effect of extra allotments in the second tier of funding is approximately 40% of the cost in the first tier. This would raise the financial impact to the state to about \$183,536 per year for 0.1% participation, and to about \$1,835,358 for 1% participation.

Both scenarios assume an annual growth in participants of 5%.

The probable fiscal implications of implementing the provisions of the bill during each of the first five years following passage is estimated as follows:

The probable fiscal implications of implementing the provisions of the bill during each of the first five years following passage is estimated as follows:

**Five Year Impact:**

Fiscal Year	Probable Savings/(Cost) from Foundation School Fund 0193
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1998	(\$183,536)
1999	(192,712)
2000	(202,348)
2001	(212,465)
2002	(223,089)

Fiscal Year	Probable Savings/(Cost) from Foundation School Fund 0193
1998	(\$1,835,358)
1999	(1,927,125)
2000	(2,023,482)
2001	(2,124,656)
2002	(2,230,889)

Similar annual fiscal implications would continue as long as the provisions of the bill are in effect.

The bill would require a specific notice be sent to the parents of students assigned to low performing schools as described by section 29.202. No significant fiscal implication to units of local government is anticipated.

Source: Agencies: 701 Texas Education Agency - Administration

LBB Staff: JK, LP, UP

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE**  
**75th Regular Session**

May 14, 1997

To: Honorable Teel Bivins, Chair  
Committee on Education  
Senate  
Austin, Texas

IN RE: House Bill No. 318, As  
Engrossed  
By: Cuellar

From: John Keel, Director

In response to your request for a Fiscal Note on HB318 (Relating to the public education grant program.) this office has determined the following:

<b>Biennial Net Impact to General Revenue Funds by HB318-As Engrossed</b>
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Implementing the provisions of the bill would result in a net (negative) impact of \$(922,500-9,225,000) to General Revenue Related Funds through the biennium ending August 31, 1999

---

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

**Fiscal Analysis**

The bill would significantly change both the eligibility requirements and the funding mechanism for the Public Education Grant Program (PEG).

**Changes to Eligibility:**

This bill significantly increases the number of campuses which meet eligibility criteria. The bill permits a campus to be considered eligible if in any of the last three (3) years more than 50% of the students did not perform satisfactorily on a TAAS test. Current law requires that that level of performance be met in each of the last three years. More than 2,000 campuses would have been identified based on the three most recent years of data, involving more than 1.2 million students.

Districts would be permitted to reject students seeking to attend school with a PEG only if 95% of the positions at the grade level for which a student applies are already filled. School districts would be required to notify parents of all students assigned to campuses which meet the criteria for the PEG program that the campus qualifies and the student is eligible for a grant.

**Changes to Funding Mechanism:**

Section 29.203 stipulates that Foundation School Program formula funding amounts of the receiving (or educating) district are used to calculate the grant amount. These amounts are equivalent to the amounts which would be generated for a typical transfer student, and are therefore assumed to have no direct fiscal implications for the state.

Sections 29.203 and 42.4101 provide additional assistance under the facilities



program, but only about 26% of districts receive that assistance. It appears that the amount of assistance would be about equal to that provided under current law, and therefore is expected to have no significant impact.

Section 42.157 creates the Public Education Grant Allotment. This allotment is equal to 10% of the adjusted basic allotment and would likely average about \$267 based on the current average adjusted basic allotment amount. This allotment would also tend to increase the number of weighted students used in calculating the guaranteed yield amounts.

In addition, districts which do not receive funding in the second tier guaranteed yield program would be eligible for additional funding to the extent that actual costs of services exceed the amount of benefit in the Foundation School Program. While this would increase costs to the state, it is unclear how much this calculated excess cost would be. The typical amount of extra funding available in the guaranteed yield is about \$1100 per weighted student, although the actual amount is variable, and would apply to approximately 10% of the participants.

**Methodology**

Pursuant to current law, 652 campuses with 491,005 students were eligible for a PEG grant in 1995-96. Of these, 31 students actually requested and received a Public Education Grant (.006 percent). Due to the significantly broader eligibility requirements in the bill, and the financial incentive provided in the bill, this estimate assumes a much higher rate of program participation.

This estimate provides two scenarios: in the first, program participation is 0.1% (roughly 1,200 participants) the second scenario estimates a participation rate of 1% (12,000 students). Scenario 1 results in a cost of \$320,000 in the first year due to the allotment, plus \$130,000 for the excess costs associated with PEG participation in higher wealth districts, for a total first year cost of about \$450,000. At a participation rate of 1% (Scenario 2), the cost of the allotment would reach about \$3,200,000 in the first year, plus \$1,300,000 pursuant to the higher wealth districts for a total first year cost of about \$4,500,000.

Both scenarios assume an annual growth in participants of 5%.

The probable fiscal implications of implementing the provisions of the bill during each of the first five years following passage is estimated as follows:

The probable fiscal implications of implementing the provisions of the bill during each of the first five years following passage is estimated as follows:

**Five Year Impact:**

Fiscal Year	Probable Savings/(Cost) from Foundation School Fund 0193
1998	(\$450,000)
1999	(472,500)
2000	(496,125)
2001	(520,931)
2002	(546,977)

Fiscal Year	Probable Savings/(Cost) from Foundation School Fund 0193
1998	(\$4,500,000)
1999	(4,725,000)
2000	(4,961,250)

2001	(5,209,312)
2002	(5,469,778)

Similar annual fiscal implications would continue as long as the provisions of the bill are in effect.

As engrossed, the bill would require a specific notice to be sent to the parents of students assigned to low performing schools. The number of notices is estimated to be \$1.2 million. Estimated cost to local school districts of sending the notice as required by the bill is \$450,000 annually.

Source: Agencies:  
701 Texas Education Agency - Administration  
LBB Staff: JK, LP, UP

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE**  
**75th Regular Session**

April 23, 1997

To: Honorable Paul Sadler, Chair  
Committee on Public Education  
House  
Austin, Texas

IN RE: House Bill No. 318,  
Committee Report 1st House,  
Substituted  
By: Cuellar

From: John Keel, Director

In response to your request for a Fiscal Note on HB318 (Relating to the public education grant program.) this office has determined the following:

<b>Biennial Net Impact to General Revenue Funds by HB318-Committee Report 1st House, Substituted</b>
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Implementing the provisions of the bill would result in a net (negative) impact of \$(925,500-9,225,000) to General Revenue Related Funds through the biennium ending August 31, 1999.

---

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

**Fiscal Analysis**

The bill significantly changes both the eligibility requirements and the funding mechanism for the Public Education Grant Program (PEG).

**Changes to Eligibility:**

This bill significantly increases the number of campuses which meet eligibility criteria. The bill permits a campus to be considered eligible if in any of the last three (3) years more than 50% of the students did not perform satisfactorily on a TAAS test.

7

Current law requires that that level of performance be met in each of the last three years. More than 2,000 campuses would have been identified based on the three most recent years of data, involving more than 1.2 million students.

#### Changes to Funding Mechanism:

Section 29.203 stipulates that Foundation School Program formula funding amounts of the receiving (or educating) district are used to calculate the grant amount. These amounts are equivalent to the amounts which would be generated for a typical transfer student, and are therefore assumed to have no direct fiscal implications for the state.

Sections 29.203 and 42.4101 provide additional assistance under the facilities program, but only about 26% of districts receive that assistance. It appears that the amount of assistance would be about equal to that provided under current law, and therefore is expected to have no significant impact.

Section 42.157 creates the Public Education Grant Allotment. This allotment is equal to 10% of the adjusted basic allotment and would likely average about \$267 based on the current average adjusted basic allotment amount. This allotment would also tend to increase the number of weighted students used in calculating the guaranteed yield amounts.

In addition, districts which do not receive funding in the second tier guaranteed yield program would be eligible for additional funding to the extent that actual costs of services exceed the amount of benefit in the Foundation School Program. While this would increase costs to the state, it is unclear how much this calculated excess cost would be. The typical amount of extra funding available in the guaranteed yield is about \$1100 per weighted student, although the actual amount is variable, and would apply to approximately 10% of the participants.

#### Methodology

Pursuant to current law, 652 campuses with 491,005 students were eligible for a PEG grant in 1995-96. Of these, 31 students actually requested and received a Public Education Grant (.006 percent). Due to the significantly broader eligibility requirements in the bill, and the financial incentive provided in the bill, this estimate assumes a much higher rate of program participation.

This estimate provides two scenarios: in the first, program participation is 0.1% (roughly 1,200 participants) the second scenario estimates a participation rate of 1% (12,000 students). Scenario 1 results in a cost of \$320,000 in the first year due to the allotment, plus \$130,000 for the excess costs associated with PEG participation in higher wealth districts, for a total first year cost of about \$450,000. At a participation

8

rate of 1% (Scenario 2), the cost of the allotment would reach about \$3,200,000 in the first year, plus \$1,300,000 pursuant to the higher wealth districts for a total first year cost of about \$4,500,000.

Both scenarios assume an annual growth in participants of 5%.

The probable fiscal implications of implementing the provisions of the bill during each of the first five years following passage is estimated as follows:

**Five Year Impact:**

Fiscal Year	Probable Savings/(Cost) from Foundation School Fund 0193
1998	(\$450,000)
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2002	(546,977)

Fiscal Year	Probable Savings/(Cost) from Foundation School Fund 0193
1998	(\$4,500,000)
1999	(4,725,000)
2000	(4,961,250)
2001	(5,209,312)
2002	(5,469,778)

Similar annual fiscal implications would continue as long as the provisions of the bill are in effect.

No significant fiscal implication to units of local government is anticipated.

Source: Agencies: 701 Texas Education Agency - Administration

LBB Staff: JK, DH, UP

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE**  
**75th Regular Session**

March 31, 1997

To: Honorable Paul Sadler, Chair  
Committee on Public Education  
House  
Austin, Texas

IN RE: House Bill No. 318  
By: Cuellar

From: John Keel, Director

In response to your request for a Fiscal Note on HB318 (Relating to the public education grant program.) this office has determined the following:

<b>Biennial Net Impact to General Revenue Funds by HB318-As Introduced</b>
--

No fiscal implication to the state is anticipated.

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No significant fiscal implication to units of local government is anticipated.

Source: Agencies: 701 Texas Education Agency - Administration  
304 Comptroller of Public Accounts

LBB Staff: JK, DH, UP, DD

10

LEGISLATIVE BUDGET BOARD  
Equalized Education Funding Impact Statement

May 14, 1997

TO: Honorable Teel Bivins, Chair  
Committee on Education  
Senate  
Austin, Texas

IN RE: House Bill No. 318, As  
Engrossed  
By: Cuellar

FROM: **John Keel**, Director

In response to your request for a Equalized Education Funding Impact Statement on HB318 (Relating to the public education grant program.) this office has determined the following:

No impact on equalized funding requirements and policies affecting public education is anticipated from any of the provisions of this bill.

11

LEGISLATIVE BUDGET BOARD

Equalized Education Funding Impact Statement

April 23, 1997

TO: Honorable Paul Sadler, Chair  
Committee on Public Education  
House  
Austin, Texas

IN RE: House Bill No. 318,  
Committee Report 1st House,  
Substituted  
By: Cuellar

FROM: **John Keel**, Director

In response to your request for a Equalized Education Funding Impact Statement on HB318 (Relating to the public education grant program.) this office has determined the following:

No impact on equalized funding requirements and policies affecting public education is anticipated from any of the provisions of this bill.

12



**LEGISLATIVE BUDGET BOARD**  
**Equalized Education Funding Impact Statement**

March 31, 1997

TO: Honorable Paul Sadler, Chair  
Committee on Public Education  
House  
Austin, Texas

IN RE: House Bill No. 318  
By: Cuellar

FROM: **John Keel**, Director

In response to your request for a Equalized Education Funding Impact Statement on HB318 (Relating to the public education grant program.) this office has determined the following:

No impact on equalized funding requirements and policies affecting public education is anticipated from any of the provisions of this bill.

13

# FISCAL NOTE

## SENATE AMENDMENTS

HB 318

**LEGISLATIVE BUDGET BOARD**

**Austin, Texas**

**FISCAL NOTE**

**75th Regular Session**

**May 27, 1997**

To: Honorable James E. "Pete" Laney  
Speaker of the House  
House of Representatives  
Austin, Texas

IN RE: House Bill No. 318, As  
Passed 2nd House  
Cuellar

From: John Keel, Director

In response to your request for a Fiscal Note on HB318 (Relating to the public education grant program.) this office has determined the following:

<b>Biennial Net Impact to General Revenue Funds by HB318-As Passed 2nd House</b>
--

Implementing the provisions of the bill would result in a net (NEGATIVE) impact of \$(376,248-3,762,483) to General Revenue Related Funds through the biennium ending August 31, 1999

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The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

**Fiscal Analysis**

This bill would change the Public Education Grant (PEG) Program by altering the amount of the grant. It would continue grants even when the campus from which a student comes is no longer considered low performing.

Funding is altered to be based on the funding to which the district providing services is entitled under the Foundation School Program. For each student attending school at a district outside the district of residence under the PEG program, the educating district is entitled to an allotment equal to 10% of the adjusted basic allotment. Districts that are ineligible for funding under the guaranteed yield program are given supplemental assistance which is equivalent to any excess cost experienced by the district in providing services to a student that uses a PEG. School districts that agree

to accept at least one percent of their population on the basis of a PEG are entitled to additional assistance in the school facilities assistance program.

School districts would be required to notify the parents of all students assigned to campuses which meet the criteria for the PEG program that the campus qualifies and that the student is eligible for a grant. The notification must be provided by February 1 of each year. School districts are also specifically authorized to contract with other private or public entities for educational services to students eligible to receive a public education grant, although the authority already exists in Section 11.157, Education Code.

## **Methodology**

Pursuant to current law, 652 campuses with 491,005 students were eligible for a PEG grant in 1995-96. Of these, 31 students actually requested and received a Public Education Grant (.006 percent). Due to natural growth in program participation and the financial incentive provided in the bill, this estimate assumes growth in the rate of student participation.

Section 29.203 stipulates that Foundation School Program formula funding amounts of the receiving (or educating) district are used to calculate the grant amount. These amounts are equivalent to the amounts which would be generated for a typical transfer student, and are therefore assumed to have no direct fiscal implications for the state.

The Senate Committee Substitute for this bill would be synonymous with current law under which a campus is considered eligible only if in each of the three preceding school years 50% or more of the students did not perform satisfactorily on a TAAS instrument.

Sections 29.203 and 42.4101 provide additional assistance under the facilities program, but only about 26% of districts receive that assistance. It appears that the amount of assistance would be about equal to that provided under current law, and therefore is expected to have no significant impact.

Section 42.157 creates the Public Education Grant Allotment. This allotment is equal to 10% of the adjusted basic allotment and would likely average about \$267 based on the current average adjusted basic allotment amount. This allotment would also tend to increase the number of weighted students used in calculating the guaranteed yield amounts.

In addition, districts which do not receive funding in the second tier guaranteed yield program would be eligible for additional funding to the extent that actual costs of services exceed the amount of benefit in the Foundation School Program. While this

would increase costs to the state, it is unclear how much this calculated excess cost would be. The typical amount of extra funding available in the guaranteed yield is about \$1100 per weighted student, although the actual amount is variable, and would apply to approximately 10% of the participants.

Given the low participation in the first year, this estimate provides two scenarios with different rates of participation. The first scenario assumes 0.1% of eligible students would participate, or roughly 491 students. At this level, the additional assistance in the form of the extra allotment would cost about \$131,097 per year. In the second scenario of a participation rate of 1%, cost of the allotment would reach about \$1,310,970 each year. The effect of extra allotments in the second tier of funding is approximately 40% of the cost in the first tier. This would raise the financial impact to the state to about \$183,536 per year for 0.1% participation, and to about \$1,835,358 for 1% participation.

Both scenarios assume an annual growth in participants of 5%.

The probable fiscal implications of implementing the provisions of the bill during each of the first five years following passage is estimated as follows:

The probable fiscal implications of implementing the provisions of the bill during each of the first five years following passage is estimated as follows:

#### Five Year Impact:

Fiscal Year	Probable Savings/(Cost) from Foundation School Fund 0193
1998	(\$183,536)
1999	(192,712)
2000	(202,348)
2001	(212,465)
2002	(223,089)

Fiscal Year	Probable Savings/(Cost) from Foundation School Fund 0193
1998	(\$1,835,358)
1999	(1,927,125)
2000	(2,023,482)
2001	(2,124,656)
2002	(2,230,889)

Similar annual fiscal implications would continue as long as the provisions of the bill

are in effect.

The bill would require a specific notice be sent to the parents of students assigned to low performing schools as described by section 29.202. No significant fiscal implication to units of local government is anticipated.

Source: Agencies: 701 Texas Education Agency - Administration

LBB Staff: JK, LP, UP

# CONFERENCE COMMITTEE REPORT FORM

Austin, Texas

5/30/97  
Date

Honorable Bob Bullock  
President of the Senate

Honorable James E. "Pete" Laney  
Speaker of the House of Representatives

Sirs:

ADOPTED

MAY 31 1997

Sharon Carter  
Chief Clerk  
House of Representatives

98 yeas  
42 nays  
1 pnv

We, Your Conference Committee, appointed to adjust the differences between the Senate and the House of Representatives on HB 318 have had the same under consideration, and beg to report it back with the recommendation that it do pass in the form and text hereto attached.

Senator Bivins, Chairman

Senator Haywood

Senator Luna

Senator Ratliff

On the part of the Senate

Senator Sibley

Representative Cuellar, Chairman

Representative Sadler

Representative Rhodes

Representative Krusee

On the part of the House

Representative Hochberg

## Note to Conference Committee Clerk:

Please type the names of the members of the Conference Committee under the lines provided for signature. Those members desiring to sign the report should sign each of the six copies. Attach a copy of the Conference Committee Report and a Section by Section side by side comparison to each of the six reporting forms. The original and two copies are filed in house of origin of the bill, and three copies in the other house.

CONFERENCE COMMITTEE REPORT

H.B. No. 318

A BILL TO BE ENTITLED

AN ACT

relating to public school choice.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subchapter D, Chapter 12, Education Code, is amended by adding Section 12.1011 to read as follows:

Sec. 12.1011. PUBLIC EDUCATION GRANT CHARTERS. (a) In addition to the other charters authorized under this subchapter, in accordance with this subchapter the State Board of Education may grant:

(1) not more than 100 charters for open-enrollment charter schools that adopt an express policy providing for the admission of students eligible for a public education grant under Subchapter G, Chapter 29; and

(2) additional charters for open-enrollment charter schools for which at least 75 percent of the prospective student population, as specified in the proposed charter, will be students who have dropped out of school or are at risk of dropping out of school as defined by Section 29.081.

(b) An open-enrollment charter school granted a charter under this section may serve students who are not eligible for a public education grant under Subchapter G, Chapter 29, but a school granted a charter under Subsection (a)(2) must maintain, as a condition of its charter, the required percentage of students.

SECTION 2. Sections 29.202 and 29.203, Education Code, are



amended to read as follows:

Sec. 29.202. ELIGIBILITY. (a) A student is eligible to receive a public education grant or to attend another public school in the district in which the student resides under this subchapter if the student is assigned to attend a public school campus:

(1) at which 50 percent or more of the students did not perform satisfactorily on an assessment instrument administered under Section 39.023(a) or (b) in any two of the ~~[in-the]~~ preceding three years; or

(2) that was, at any time in the preceding three years, identified as low-performing by the commissioner under Subchapter D, Chapter 39.

(b) After a student has used a public education grant to attend a school in a district other than the district in which the student resides:

(1) the student does not become ineligible for the grant if the school on which the student's initial eligibility is based no longer meets the criteria under Subsection (a); and

(2) the student becomes ineligible for the grant if the student is assigned to attend a school that does not meet the criteria under Subsection (a).

Sec. 29.203. FINANCING. (a) A student ~~[eligible--under Section-25-001-to-attend-school-in-a-school-district-but]~~ who under this subchapter uses a public education grant to attend ~~[attends]~~ a public school in a school ~~[another]~~ district other than the district in which the student resides is included in the average daily attendance of the district in which the student ~~[resides-~~

~~The-district-in-which-the-student~~ attends school ~~[shall--report~~  
~~the--student's--attendance--to--the--district--in-which-the-student~~  
~~resides-in-accordance-with-rules-adopted-by-the-commissioner]~~.

(b) A school district is entitled to the allotment provided  
by Section 42.157 for each eligible student using a public  
education grant. If the district has a wealth per student greater  
than the guaranteed wealth level but less than the equalized wealth  
level, a school district is entitled under rules adopted by the  
commissioner to additional state aid in an amount equal to the  
difference between the cost to the district of providing services  
to a student using a public education grant and the sum of the  
state aid received because of the allotment under Section 42.157  
and money from the available school fund attributable to the  
student.

(c) A school district is entitled to additional facilities  
assistance under Section 42.4101 if the district agrees to:

(1) accept a number of students using public education  
grants that is at least one percent of the district's average daily  
attendance for the preceding school year; and

(2) provide services to each student until the student  
either voluntarily decides to attend a school in a different  
district or graduates from high school.

(d) [A-student's-public-education-grant-is-the--total--state  
and--local-funding-per-student-for-the-school-district-in-which-the  
student-resides.---Total--funding--from--state--and--local--sources  
includes---special--allotments--under-Subchapter-C, Chapter-42, but  
does-not-include-small-district, sparsity, and--cost--of--education

1 adjustments--and--allotments--for-technology-and-transportation--A  
 2 student's-public-education-grant-is-the-entitlement-of-the-student,  
 3 under--the--supervision--of--the--student's--parent,--guardian,--or  
 4 custodian,--is-not-an-entitlement-of-any--school--district,--and--is  
 5 paid--to--a--school--district--solely--as-a-means-of-administrative  
 6 convenience.

7       [~~t~~e] A school district chosen by a student's parent under  
 8 Section 29.201 is entitled to accept or reject the application for  
 9 the student to attend school in that district but may not use  
 10 criteria that discriminate on the basis of a student's race,  
 11 ethnicity, academic achievement, athletic abilities, language  
 12 proficiency, sex, or socioeconomic status. A school district that  
 13 has more acceptable applicants for attendance under this subchapter  
 14 than available positions must give priority to students at risk of  
 15 dropping out of school as defined by Section 29.081 and must fill  
 16 the available positions by lottery. However, to achieve continuity  
 17 in education, a school district may give preference over at-risk  
 18 students to enrolled students and to the siblings of enrolled  
 19 students residing in the same household or other children residing  
 20 in the same household as enrolled students for the convenience of  
 21 parents, guardians, or custodians of those children.

22       (e) [~~t~~d] A school district chosen by a student's parent  
 23 under Section 29.201 may not charge the student tuition [~~in~~  
 24 addition-to-the-public-education-grant-or-charge--tuition--that--is  
 25 greater--than--the-district's-average-expenditure-per-student--The  
 26 school-district-in-which-the-student-resides--is--entitled--to--the  
 27 remainder,--if-any,--of-the-student's-public-education-grant-funds].

(f) [~~te~~] The school district in which a student resides shall provide each student attending a school in another district under this subchapter transportation free of charge to and from the school the student would otherwise attend.

(g) In this section:

(1) "Equalized wealth level" has the meaning assigned by Section 41.001.

(2) "Guaranteed wealth level" means a wealth per student equal to the dollar amount guaranteed level of state and local funds per weighted student per cent of tax effort, as provided by Section 42.302, multiplied by 10,000.

(3) "Wealth per student" has the meaning assigned by Section 41.001.

SECTION 3. Subchapter G, Chapter 29, Education Code, is amended by adding Section 29.204 to read as follows:

Sec. 29.204. NOTIFICATION. (a) Not later than January 1 of each year the commissioner shall, based on the most recent information available, provide notice to each school district in which a campus described by Section 29.202 is located that:

(1) identifies each campus in the district that meets the description in Section 29.202; and

(2) informs the district that the district must comply with Subsection (b).

(b) Not later than February 1 of each year, a school district shall notify the parent of each student in the district assigned to attend a campus described by Section 29.202 that the student is eligible for a public education grant. The notice must

1 contain a clear, concise explanation of the public education grant  
2 program and of the manner in which the parent may obtain further  
3 information about the program.

4 SECTION 4. Subchapter G, Chapter 29, Education Code, is  
5 amended by adding Section 29.205 to read as follows:

6 Sec. 29.205. CONTRACT AUTHORITY. The board of trustees of a  
7 school district may contract under Section 11.157 for the provision  
8 of educational services to a district student eligible to receive a  
9 public education grant under Section 29.202.

10 SECTION 5. Subchapter C, Chapter 42, Education Code, is  
11 amended by adding Section 42.157 to read as follows:

12 Sec. 42.157. PUBLIC EDUCATION GRANT ALLOTMENT. (a) Except  
13 as provided by Subsection (b), for each student in average daily  
14 attendance who is using a public education grant under Subchapter  
15 G, Chapter 29, to attend school in a district other than the  
16 district in which the student resides, the district in which the  
17 student attends school is entitled to an annual allotment equal to  
18 the adjusted basic allotment multiplied by a weight of 0.1.

19 (b) The total number of allotments under this section to  
20 which a district is entitled may not exceed the number by which the  
21 number of students using public education grants to attend school  
22 in the district exceeds the number of students who reside in the  
23 district and use public education grants to attend school in  
24 another district.

25 SECTION 6. Subchapter H, Chapter 42, Education Code, is  
26 amended by adding Section 42.4101 to read as follows:

27 Sec. 42.4101. ADDITIONAL ASSISTANCE FOR DISTRICTS WITH

1 STUDENTS USING PUBLIC EDUCATION GRANTS. (a) A district is  
2 entitled to additional assistance under this section as provided by  
3 Section 29.203(c).

4 (b) The amount of additional assistance under this section  
5 is computed by subtracting the number of students residing in the  
6 district and using public education grants to attend school in  
7 another district for the year in which the assistance is granted  
8 from the number of students using public education grants to attend  
9 school in the district for that year and multiplying the difference  
10 by \$266.

11 (c) If a district to which this section applies is entitled  
12 to the maximum amount of assistance under Section 42.406, the  
13 maximum is increased by the amount of additional assistance to  
14 which the district is entitled under this section.

15 SECTION 7. This Act applies beginning with the 1997-1998  
16 school year.

17 SECTION 8. The importance of this legislation and the  
18 crowded condition of the calendars in both houses create an  
19 emergency and an imperative public necessity that the  
20 constitutional rule requiring bills to be read on three several  
21 days in each house be suspended, and this rule is hereby suspended,  
22 and that this Act take effect and be in force from and after its  
23 passage, and it is so enacted.

**House Bill 318**  
Conference Committee Report  
Section-by-Section Analysis  
May 30, 1997

HOUSE VERSION

No equivalent provision.

SECTION 1. Amends Sections 29.202 and 29.203, Education Code, as follows:

Sec. 29.202. ELIGIBILITY. (a) Provides that a student is eligible for a public education grant if the student is assigned to a school in which 50 percent or more of the students did not perform satisfactorily on the TAAS test or exit-level test *at any time* in the preceding three years or that the commissioner identified as low performing at any time in the three years.

(b) Provides that a student using a grant to attend school outside the student's home district (1) remains eligible for the grant even though the school on which the student's initial eligibility was based no longer is a low performing school, but (2) becomes ineligible if assigned to attend a school that is not a low performing school.

Sec. 29.203. FINANCING. (a) Provides that a student

SENATE VERSION

No equivalent provision.

SECTION 1. Similar to House version with the following exceptions.

(a) Provides that a student is eligible to receive a grant or to attend another public school in the student's home district if the student is assigned to a low performing school. Designation as a low performing school on the basis of test scores requires that 50 percent or more of the school's students did not perform satisfactorily on the tests *during each of the preceding* three years.

(b) Same as House version.

Sec. 29.203(a). Same as House version.

CONFERENCE

SECTION 1. Amends Chapter 12, Education Code, by adding Section 12.1011 to allow the State Board of Education to grant up to 100 charters for open-enrollment charter schools that adopt express policies for admitting students eligible to receive public education grants and additional charters for open-enrollment charter schools whose prospective student bodies will include a certain percentage of dropouts and at-risk students.

SECTION 2. Similar to Senate version with the following exception.

(a) Same as Senate version except that criterion for designation as a low performing school on the basis of statewide test scores requires that 50 percent or more of the students did not perform satisfactorily on those tests *during any two* of the preceding three years.

(b) Same as House version.

Sec. 29.203(a). Same as House version.

**House Bill 318**  
Conference Committee Report  
Section-by-Section Analysis  
May 30, 1997

HOUSE VERSION	SENATE VERSION	CONFERENCE
using a grant to attend a public school outside the district in which the student lives is included in the average daily attendance (ADA) of the district where the school is located and not of the student's home district.		
(b) Provides that a school district is entitled to a public education grant allotment provided by Section 42.157 and, under certain conditions, additional state aid for each student using a grant to attend school in the district.	(b) Same as House version.	(b) Same as House version.
(c) Provides that, if a district accepts a number of students equal to or greater than one percent of its previous year's ADA, it is entitled to a certain amount of additional facilities assistance under Section 42.4101.	(c) Same as House version.	(c) Same as House version.
(d) Deletes provision that defines what constitutes a student's public education grant. Adds provision allowing a district to reject an application from a nonresident student only if 95 percent or more of the available positions for the grade level for which the student is applying are filled.	(d) Same as House version but does not include the added provision.	(d) Same as Senate version.
(e) Changes provisions concerning the prohibition against a school district charging a student tuition when the student uses a public education grant to attend school in that district by deleting qualifying language.	(e) Same as House version.	(e) Same as House version.
(f) Retains current language.	(f) Same as House version.	(f) Same as House version.



**House Bill 318**  
Conference Committee Report  
Section-by-Section Analysis  
May 30, 1997

HOUSE VERSION

(g) Defines "equalized wealth level," "guaranteed wealth level," and "wealth per student."

SECTION 2. Amends Chapter 29, Education Code, by adding Section 29.204, NOTIFICATION, to: (a) require the commissioner, not later than July 1 of each year, to notify each district having a campus identified as low performing under Section 29.202 of that fact, identifying such campuses and informing the district of its obligation to comply with the following notification requirements; and (b) require the district, not later than July 15 of each year, to notify the parent of each student assigned to a campus described above that the student is eligible for a public education grant. Requires the notice to explain the grant program and how to obtain further information.

SECTION 3. Amends Chapter 29, Education Code, by adding Section 29.205, CONTRACT AUTHORITY, to allow a district's board of trustees to contract for certain educational services for students who are eligible for grants.

SECTION 4. Amends Chapter 42, Education Code, by adding Section 42.157, PUBLIC EDUCATION GRANT ALLOTMENT, to set forth provisions relating to the computation of and limitations on the public education grant allotment to which certain school districts are entitled.

SECTION 5. Amends Chapter 42, Education Code, by

SENATE VERSION

(g) Same as House version.

SECTION 2. Similar to House version except that it requires the commissioner to give the notice not later than January 1, and to base the notice *on the preceding year*, and it requires a district that must give parental notification to do so not later than February 1.

SECTION 3. Same as House version.

SECTION 4. Same as House version.

SECTION 5. Same as House version.

CONFERENCE

(g) Same as House version.

SECTION 3. Same as Senate version but requires the commissioner's notice to be based *on the most recent information available*.

SECTION 4. Same as House version.

SECTION 5. Same as House version.

SECTION 6. Same as House version.

**House Bill 318**  
Conference Committee Report  
Section-by-Section Analysis  
May 30, 1997

HOUSE VERSION	SENATE VERSION	CONFERENCE
adding Section 42.4101, ADDITIONAL ASSISTANCE FOR DISTRICTS WITH STUDENTS USING PUBLIC EDUCATION GRANTS, to set forth provisions relating to the computation of additional state aid for districts accepting students using public education grants.		
SECTION 6. Provides that the Act applies beginning with the 1997-1998 school year.	SECTION 6. Same as House version.	SECTION 7. Same as House version.
SECTION 7. Emergency clause.	SECTION 7. Same as House version.	SECTION 8. Same as House version.

# CONFERENCE COMMITTEE REPORT FORM

Austin, Texas

Date

Honorable Bob Bullock  
President of the Senate

Honorable James E. "Pete" Laney  
Speaker of the House of Representatives

Sirs:

**ADOPTED**

22-7  
MAY 31 1997

*Butte Ling*  
Secretary of the Senate

We, Your Conference Committee, appointed to adjust the differences between the Senate and the House of Representatives on \_\_\_\_\_ have had the same under consideration, and beg to report it back with the recommendation that it do pass in the form and text hereto attached.

*[Signature]*  
\_\_\_\_\_  
*[Signature]*  
\_\_\_\_\_  
*[Signature]*  
\_\_\_\_\_  
*[Signature]*  
\_\_\_\_\_  
*[Signature]*  
\_\_\_\_\_

On the part of the Senate

*[Signature]*  
\_\_\_\_\_  
*[Signature]*  
\_\_\_\_\_  
*[Signature]*  
\_\_\_\_\_  
*[Signature]*  
\_\_\_\_\_

On the part of the House

Note to Conference Committee Clerk:

Please type the names of the members of the Conference Committee under the lines provided for signature. Those members desiring to sign the report should sign each of the six copies. Attach a copy of the Conference Committee Report and a Section by Section side by side comparison to each of the six reporting forms. The original and two copies are filed in house of origin of the bill, and three copies in the other house.

MAY 30 1997 4:40 p.m.

CONFERENCE COMMITTEE REPORT

H.B. No. 318

A BILL TO BE ENTITLED

AN ACT

relating to public school choice.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subchapter D, Chapter 12, Education Code, is amended by adding Section 12.1011 to read as follows:

Sec. 12.1011. PUBLIC EDUCATION GRANT CHARTERS. (a) In addition to the other charters authorized under this subchapter, in accordance with this subchapter the State Board of Education may grant:

(1) not more than 100 charters for open-enrollment charter schools that adopt an express policy providing for the admission of students eligible for a public education grant under Subchapter G, Chapter 29; and

(2) additional charters for open-enrollment charter schools for which at least 75 percent of the prospective student population, as specified in the proposed charter, will be students who have dropped out of school or are at risk of dropping out of school as defined by Section 29.081.

(b) An open-enrollment charter school granted a charter under this section may serve students who are not eligible for a public education grant under Subchapter G, Chapter 29, but a school granted a charter under Subsection (a)(2) must maintain, as a condition of its charter, the required percentage of students.

SECTION 2. Sections 29.202 and 29.203, Education Code, are

1 amended to read as follows:

2           Sec. 29.202. ELIGIBILITY.    (a) A student is eligible to  
3 receive a public education grant or to attend another public school  
4 in the district in which the student resides under this subchapter  
5 if the student is assigned to attend a public school campus:

6                   (1) at which 50 percent or more of the students did  
7 not perform satisfactorily on an assessment instrument administered  
8 under Section 39.023(a) or (b) in any two of the [~~in-the~~] preceding  
9 three years; or

10                   (2) that was, at any time in the preceding three  
11 years, identified as low-performing by the commissioner under  
12 Subchapter D, Chapter 39.

13           (b) After a student has used a public education grant to  
14 attend a school in a district other than the district in which the  
15 student resides:

16                   (1) the student does not become ineligible for the  
17 grant if the school on which the student's initial eligibility is  
18 based no longer meets the criteria under Subsection (a); and

19                   (2) the student becomes ineligible for the grant if  
20 the student is assigned to attend a school that does not meet the  
21 criteria under Subsection (a).

22           Sec. 29.203. FINANCING.   (a) A student [~~eligible--under~~  
23 ~~Section-25.001-to-attend-school-in-a-school-district-but~~] who under  
24 this subchapter uses a public education grant to attend [~~attends~~] a  
25 public school in a school [~~another~~] district other than the  
26 district in which the student resides is included in the average  
27 daily attendance of the district in which the student [~~resides-~~

~~The-district-in-which-the-student~~ attends school ~~[shall--report~~  
~~the--student's--attendance--to--the--district--in-which-the-student~~  
~~resides-in-accordance-with-rules-adopted-by-the-commissioner]~~.

(b) A school district is entitled to the allotment provided  
by Section 42.157 for each eligible student using a public  
education grant. If the district has a wealth per student greater  
than the guaranteed wealth level but less than the equalized wealth  
level, a school district is entitled under rules adopted by the  
commissioner to additional state aid in an amount equal to the  
difference between the cost to the district of providing services  
to a student using a public education grant and the sum of the  
state aid received because of the allotment under Section 42.157  
and money from the available school fund attributable to the  
student.

(c) A school district is entitled to additional facilities  
assistance under Section 42.4101 if the district agrees to:

(1) accept a number of students using public education  
grants that is at least one percent of the district's average daily  
attendance for the preceding school year; and

(2) provide services to each student until the student  
either voluntarily decides to attend a school in a different  
district or graduates from high school.

(d) ~~[A-student's-public-education-grant-is-the--total--state~~  
~~and--local-funding-per-student-for-the-school-district-in-which-the~~  
~~student-resides,---Total--funding--from--state--and--local--sources~~  
~~includes---special--allotments--under-Subchapter-C7-Chapter-42, but~~  
~~does-not-include-small-district, sparsity, and--cost--of--education~~

1 adjustments--and--allotments--for-technology-and-transportation--A  
 2 student's-public-education-grant-is-the-entitlement-of-the-student,  
 3 under--the--supervision--of--the--student's--parent,  
 4 guardian,  
 5 or  
 6 custodian,  
 7 is-not-an-entitlement-of-any--school--district,  
 8 and-is  
 9 paid--to--a--school--district--solely--as-a-means-of-administrative  
 10 convenience.

11 [f] A school district chosen by a student's parent under  
 12 Section 29.201 is entitled to accept or reject the application for  
 13 the student to attend school in that district but may not use  
 14 criteria that discriminate on the basis of a student's race,  
 15 ethnicity, academic achievement, athletic abilities, language  
 16 proficiency, sex, or socioeconomic status. A school district that  
 17 has more acceptable applicants for attendance under this subchapter  
 18 than available positions must give priority to students at risk of  
 19 dropping out of school as defined by Section 29.081 and must fill  
 20 the available positions by lottery. However, to achieve continuity  
 21 in education, a school district may give preference over at-risk  
 22 students to enrolled students and to the siblings of enrolled  
 23 students residing in the same household or other children residing  
 24 in the same household as enrolled students for the convenience of  
 25 parents, guardians, or custodians of those children.

26 (e) [g] A school district chosen by a student's parent  
 27 under Section 29.201 may not charge the student tuition [in  
 28 addition-to-the-public-education-grant-or-charge--tuition--that--is  
 29 greater--than--the-district's-average-expenditure-per-student--The  
 30 school-district-in-which-the-student-resides--is--entitled--to--the  
 31 remainder, if any, of the student's public-education-grant-funds].

1            (f) [~~e~~] The school district in which a student resides  
2 shall provide each student attending a school in another district  
3 under this subchapter transportation free of charge to and from the  
4 school the student would otherwise attend.

5            (g) In this section:

6                    (1) "Equalized wealth level" has the meaning assigned  
7 by Section 41.001.

8                    (2) "Guaranteed wealth level" means a wealth per  
9 student equal to the dollar amount guaranteed level of state and  
10 local funds per weighted student per cent of tax effort, as  
11 provided by Section 42.302, multiplied by 10,000.

12                   (3) "Wealth per student" has the meaning assigned by  
13 Section 41.001.

14            SECTION 3. Subchapter G, Chapter 29, Education Code, is  
15 amended by adding Section 29.204 to read as follows:

16            Sec. 29.204. NOTIFICATION. (a) Not later than January 1 of  
17 each year the commissioner shall, based on the most recent  
18 information available, provide notice to each school district in  
19 which a campus described by Section 29.202 is located that:

20                    (1) identifies each campus in the district that meets  
21 the description in Section 29.202; and

22                    (2) informs the district that the district must comply  
23 with Subsection (b).

24            (b) Not later than February 1 of each year, a school  
25 district shall notify the parent of each student in the district  
26 assigned to attend a campus described by Section 29.202 that the  
27 student is eligible for a public education grant. The notice must



1 contain a clear, concise explanation of the public education grant  
2 program and of the manner in which the parent may obtain further  
3 information about the program.

4 SECTION 4. Subchapter G, Chapter 29, Education Code, is  
5 amended by adding Section 29.205 to read as follows:

6 Sec. 29.205. CONTRACT AUTHORITY. The board of trustees of a  
7 school district may contract under Section 11.157 for the provision  
8 of educational services to a district student eligible to receive a  
9 public education grant under Section 29.202.

10 SECTION 5. Subchapter C, Chapter 42, Education Code, is  
11 amended by adding Section 42.157 to read as follows:

12 Sec. 42.157. PUBLIC EDUCATION GRANT ALLOTMENT. (a) Except  
13 as provided by Subsection (b), for each student in average daily  
14 attendance who is using a public education grant under Subchapter  
15 G, Chapter 29, to attend school in a district other than the  
16 district in which the student resides, the district in which the  
17 student attends school is entitled to an annual allotment equal to  
18 the adjusted basic allotment multiplied by a weight of 0.1.

19 (b) The total number of allotments under this section to  
20 which a district is entitled may not exceed the number by which the  
21 number of students using public education grants to attend school  
22 in the district exceeds the number of students who reside in the  
23 district and use public education grants to attend school in  
24 another district.

25 SECTION 6. Subchapter H, Chapter 42, Education Code, is  
26 amended by adding Section 42.4101 to read as follows:

27 Sec. 42.4101. ADDITIONAL ASSISTANCE FOR DISTRICTS WITH

1 STUDENTS USING PUBLIC EDUCATION GRANTS. (a) A district is  
2 entitled to additional assistance under this section as provided by  
3 Section 29.203(c).

4 (b) The amount of additional assistance under this section  
5 is computed by subtracting the number of students residing in the  
6 district and using public education grants to attend school in  
7 another district for the year in which the assistance is granted  
8 from the number of students using public education grants to attend  
9 school in the district for that year and multiplying the difference  
10 by \$266.

11 (c) If a district to which this section applies is entitled  
12 to the maximum amount of assistance under Section 42.406, the  
13 maximum is increased by the amount of additional assistance to  
14 which the district is entitled under this section.

15 SECTION 7. This Act applies beginning with the 1997-1998  
16 school year.

17 SECTION 8. The importance of this legislation and the  
18 crowded condition of the calendars in both houses create an  
19 emergency and an imperative public necessity that the  
20 constitutional rule requiring bills to be read on three several  
21 days in each house be suspended, and this rule is hereby suspended,  
22 and that this Act take effect and be in force from and after its  
23 passage, and it is so enacted.

**House Bill 318**  
Conference Committee Report  
Section-by-Section Analysis  
May 30, 1997

HOUSE VERSION

No equivalent provision.

SECTION 1. Amends Sections 29.202 and 29.203, Education Code, as follows:

Sec. 29.202. ELIGIBILITY. (a) Provides that a student is eligible for a public education grant if the student is assigned to a school in which 50 percent or more of the students did not perform satisfactorily on the TAAS test or exit-level test *at any time* in the preceding three years or that the commissioner identified as low performing at any time in the three years.

(b) Provides that a student using a grant to attend school outside the student's home district (1) remains eligible for the grant even though the school on which the student's initial eligibility was based no longer is a low performing school, but (2) becomes ineligible if assigned to attend a school that is not a low performing school.

Sec. 29.203. FINANCING. (a) Provides that a student

SENATE VERSION

No equivalent provision.

SECTION 1. Similar to House version with the following exceptions.

(a) Provides that a student is eligible to receive a grant or to attend another public school in the student's home district if the student is assigned to a low performing school. Designation as a low performing school on the basis of test scores requires that 50 percent or more of the school's students did not perform satisfactorily on the tests *during each of the preceding* three years.

(b) Same as House version.

Sec. 29.203(a). Same as House version.

CONFERENCE

SECTION 1. Amends Chapter 12, Education Code, by adding Section 12.1011 to allow the State Board of Education to grant up to 100 charters for open-enrollment charter schools that adopt express policies for admitting students eligible to receive public education grants and additional charters for open-enrollment charter schools whose prospective student bodies will include a certain percentage of dropouts and at-risk students.

SECTION 2. Similar to Senate version with the following exception.

(a) Same as Senate version except that criterion for designation as a low performing school on the basis of statewide test scores requires that 50 percent or more of the students did not perform satisfactorily on those tests *during any two* of the preceding three years.

(b) Same as House version.

Sec. 29.203(a). Same as House version.

**House Bill 318**  
Conference Committee Report  
Section-by-Section Analysis  
May 30, 1997

HOUSE VERSION	SENATE VERSION	CONFERENCE
using a grant to attend a public school outside the district in which the student lives is included in the average daily attendance (ADA) of the district where the school is located and not of the student's home district.		
(b) Provides that a school district is entitled to a public education grant allotment provided by Section 42.157 and, under certain conditions, additional state aid for each student using a grant to attend school in the district.	(b) Same as House version.	(b) Same as House version.
(c) Provides that, if a district accepts a number of students equal to or greater than one percent of its previous year's ADA, it is entitled to a certain amount of additional facilities assistance under Section 42.4101.	(c) Same as House version.	(c) Same as House version.
(d) Deletes provision that defines what constitutes a student's public education grant. Adds provision allowing a district to reject an application from a nonresident student only if 95 percent or more of the available positions for the grade level for which the student is applying are filled.	(d) Same as House version but does not include the added provision.	(d) Same as Senate version.
(e) Changes provisions concerning the prohibition against a school district charging a student tuition when the student uses a public education grant to attend school in that district by deleting qualifying language.	(e) Same as House version.	(e) Same as House version.
(f) Retains current language.	(f) Same as House version.	(f) Same as House version.

**House Bill 318**  
Conference Committee Report  
Section-by-Section Analysis  
May 30, 1997

HOUSE VERSION

(g) Defines "equalized wealth level," "guaranteed wealth level," and "wealth per student."

SECTION 2. Amends Chapter 29, Education Code, by adding Section 29.204, NOTIFICATION, to: (a) require the commissioner, not later than July 1 of each year, to notify each district having a campus identified as low performing under Section 29.202 of that fact, identifying such campuses and informing the district of its obligation to comply with the following notification requirements; and (b) require the district, not later than July 15 of each year, to notify the parent of each student assigned to a campus described above that the student is eligible for a public education grant. Requires the notice to explain the grant program and how to obtain further information.

SECTION 3. Amends Chapter 29, Education Code, by adding Section 29.205, CONTRACT AUTHORITY, to allow a district's board of trustees to contract for certain educational services for students who are eligible for grants.

SECTION 4. Amends Chapter 42, Education Code, by adding Section 42.157, PUBLIC EDUCATION GRANT ALLOTMENT, to set forth provisions relating to the computation of and limitations on the public education grant allotment to which certain school districts are entitled.

SECTION 5. Amends Chapter 42, Education Code, by

SENATE VERSION

(g) Same as House version.

SECTION 2. Similar to House version except that it requires the commissioner to give the notice not later than January 1, and to base the notice *on the preceding year*, and it requires a district that must give parental notification to do so not later than February 1.

SECTION 3. Same as House version.

SECTION 4. Same as House version.

SECTION 5. Same as House version.

CONFERENCE

(g) Same as House version.

SECTION 3. Same as Senate version but requires the commissioner's notice to be based *on the most recent information available*.

SECTION 4. Same as House version.

SECTION 5. Same as House version.

SECTION 6. Same as House version.

**House Bill 318**  
Conference Committee Report  
Section-by-Section Analysis  
May 30, 1997

HOUSE VERSION

SENATE VERSION

CONFERENCE

adding Section 42.4101, ADDITIONAL ASSISTANCE FOR DISTRICTS WITH STUDENTS USING PUBLIC EDUCATION GRANTS, to set forth provisions relating to the computation of additional state aid for districts accepting students using public education grants.

SECTION 6. Provides that the Act applies beginning with the 1997-1998 school year.

SECTION 7. Emergency clause.

SECTION 6. Same as House version.

SECTION 7. Same as House version.

SECTION 7. Same as House version.

SECTION 8. Same as House version.

FISCAL NOTE

CONFERENCE COMMITTEE  
REPORT

HB 318

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE**  
**75th Regular Session**

May 31, 1997

To: Honorable Bob Bullock  
Lieutenant Governor  
Senate  
Austin, Texas

Honorable James E. "Pete" Laney  
Speaker of the House

From: John Keel, Director

In response to your request for a Fiscal Note on HB318 (Relating to the public education grant program.) this office has determined the following:

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**Biennial Net Impact to General Revenue Funds by HB318-Conference Committee Report**

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Implementing the provisions of the bill would result in a net (NEGATIVE) impact of \$(773,266-6,196,072) to General Revenue Related Funds through the biennium ending August 31, 1999

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**Fiscal Analysis**

Section 1 of the bill would add two new categories of open-enrollment charter schools. The State Board of Education would be authorized to grant up to 100 charters for open-enrollment charter schools that adopt an express policy providing for the admission of students eligible for a public education grant. Also, the Board would be authorized to grant an unlimited number of additional charters for open-enrollment charter schools for which at least 75% of the prospective student population will be students who have dropped out of school or are at risk of dropping out of school as defined by TEC 29.081.

Section 2 of the bill alters the existing Public Education Grant Program by altering the amount of the grant and by changing the eligibility requirements for the program to include campuses at which 50% or more of students did not perform satisfactorily on the TAAS in any two of the preceding three years. It would continue grants even when the campus from which a student comes is no longer considered low



performing.

## **Methodology**

### **Section 1**

This analysis assumes that the number of charter schools would grow gradually. Although the provisions of the bill would allow up to 100 public education grant charters and an unlimited number of dropout prevention charters, this analysis assumes that the number of new charters approved for each category would be 20 per year for a total growth rate of 40 new charters per fiscal year. It is estimated that the agency would need an additional 1 FTE for each group of 40 new charters.

If the students enrolling in the charter schools are currently enrolled in public school, they represent no additional cost to the state. Each student enrolling in a charter school who is not currently enrolled in a public school represents an additional cost of approximately \$4,900 to the Foundation School Program.

### **Section 2**

Pursuant to current law, 652 campuses with 491,005 students were eligible for a PEG grant in 1995-96. Of these, 31 students actually requested and received a Public Education Grant (.006 percent). Due to natural growth in program participation and the financial incentive provided in the bill, this estimate assumes growth in the rate of student participation.

The conference committee report broadens the eligibility criteria for program participation to include campuses at which during any two of the three preceding years 50% or more of the students did not perform satisfactorily on a TAAS instrument. A total of 1,153 campuses with approximately 796,846 students would have been eligible for PEG grants for the current school year under this eligibility criteria.

The bill stipulates that Foundation School Program formula funding amounts of the receiving (or educating) district are used to calculate the grant amount. These amounts are equivalent to the amounts which would be generated for a typical transfer student, and are therefore assumed to have no direct fiscal implications for the state.

The bill provides additional assistance under the facilities program, but only about 26% of districts receive that assistance. It appears that the amount of assistance would be about equal to that provided under current law, and therefore is expected to have no

significant impact.

Districts educating students with a PEG are eligible to receive an additional allotment, calculated to be equal to 10% of the adjusted basic allotment and would likely average about \$267 based on the current average adjusted basic allotment amount. This allotment would also tend to increase the number of weighted students used in calculating the guaranteed yield amounts.

In addition, districts which do not receive funding in the second tier guaranteed yield program would be eligible for additional funding to the extent that actual costs of services exceed the amount of benefit in the Foundation School Program. While this would increase costs to the state, it is unclear how much this calculated excess cost would be. The typical amount of extra funding available in the guaranteed yield is about \$1100 per weighted student, although the actual amount is variable, and would apply to approximately 10% of the participants.

Given the low participation in the first year, this estimate provides two scenarios with different rates of participation. The first scenario assumes 0.1% of eligible students would participate, or roughly 797 students. At this level, the additional assistance in the form of the extra allotment would cost about \$212,799 per year. In the second scenario of a participation rate of 1%, cost of the allotment would reach about \$2,127,990 each year. The effect of extra allotments in the second tier of funding is approximately 40% of the cost in the first tier. This would raise the financial impact to the state to about \$297,919 per year for 0.1% participation, and to about \$2,979,190 for 1% participation.

Both scenarios assume an annual growth in participants of 5%.

The probable fiscal implications of implementing the provisions of the bill during each of the first five years following passage is estimated as follows:

**Five Year Impact:**

Fiscal Year	Probable Savings/(Cost) from General Revenue Fund 0001	Probable Savings/(Cost) from Foundation School Fund 0193	Change in Number of State Employees from FY 1997
1998	(\$56,911)	(\$293,919)	1.0
1999	(113,822)	(308,614)	2.0
2000	(170,733)	(324,045)	3.0
2001	(227,644)	(340,247)	4.0
2002	(284,555)	(357,260)	5.0

Fiscal Year	Probable Savings/(Cost) from General Revenue Fund 0001	Probable Savings/(Cost) from Foundation School Fund 0193	Change in Number of State Employees from FY 1997
-------------	--	--	---

1998	(\$56,911)	(\$2,939,190)	1.0
1999	(113,822)	(3,086,149)	2.0
2000	(170,733)	(3,240,456)	3.0
2001	(227,644)	(3,402,478)	4.0
2002	(284,555)	(3,572,602)	5.0

Similar annual fiscal implications would continue as long as the provisions of the bill are in effect.

No significant fiscal implication to units of local government is anticipated.

Source: Agencies:

LBB Staff: JK, LP, UP

F

**ENROLLED**

H.B. No. 318

1 AN ACT

2 relating to public school choice.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

4 SECTION 1. Subchapter D, Chapter 12, Education Code, is  
5 amended by adding Section 12.1011 to read as follows:

6 Sec. 12.1011. PUBLIC EDUCATION GRANT CHARTERS. (a) In  
7 addition to the other charters authorized under this subchapter, in  
8 accordance with this subchapter the State Board of Education may  
9 grant:

10 (1) not more than 100 charters for open-enrollment  
11 charter schools that adopt an express policy providing for the  
12 admission of students eligible for a public education grant under  
13 Subchapter G, Chapter 29; and

14 (2) additional charters for open-enrollment charter  
15 schools for which at least 75 percent of the prospective student  
16 population, as specified in the proposed charter, will be students  
17 who have dropped out of school or are at risk of dropping out of  
18 school as defined by Section 29.081.

19 (b) An open-enrollment charter school granted a charter  
20 under this section may serve students who are not eligible for a  
21 public education grant under Subchapter G, Chapter 29, but a school  
22 granted a charter under Subsection (a)(2) must maintain, as a  
23 condition of its charter, the required percentage of students.

24 SECTION 2. Sections 29.202 and 29.203, Education Code, are

amended to read as follows:

Sec. 29.202. ELIGIBILITY. (a) A student is eligible to receive a public education grant or to attend another public school in the district in which the student resides under this subchapter if the student is assigned to attend a public school campus:

(1) at which 50 percent or more of the students did not perform satisfactorily on an assessment instrument administered under Section 39.023(a) or (b) in any two of the ~~[in-the]~~ preceding three years; or

(2) that was, at any time in the preceding three years, identified as low-performing by the commissioner under Subchapter D, Chapter 39.

(b) After a student has used a public education grant to attend a school in a district other than the district in which the student resides:

(1) the student does not become ineligible for the grant if the school on which the student's initial eligibility is based no longer meets the criteria under Subsection (a); and

(2) the student becomes ineligible for the grant if the student is assigned to attend a school that does not meet the criteria under Subsection (a).

Sec. 29.203. FINANCING. (a) A student ~~[eligible--under Section-25-001-to-attend-school-in-a-school-district-but]~~ who under this subchapter uses a public education grant to attend ~~[attends]~~ a public school in a school ~~[another]~~ district other than the district in which the student resides is included in the average daily attendance of the district in which the student ~~[resides-~~

1     ~~The-district-in-which-the-student~~] attends school [~~shall--report~~  
2     ~~the--student's--attendance--to--the--district--in-which-the-student~~  
3     ~~resides-in-accordance-with-rules-adopted-by-the-commissioner~~].

4             (b) A school district is entitled to the allotment provided  
5     by Section 42.157 for each eligible student using a public  
6     education grant. If the district has a wealth per student greater  
7     than the guaranteed wealth level but less than the equalized wealth  
8     level, a school district is entitled under rules adopted by the  
9     commissioner to additional state aid in an amount equal to the  
10    difference between the cost to the district of providing services  
11    to a student using a public education grant and the sum of the  
12    state aid received because of the allotment under Section 42.157  
13    and money from the available school fund attributable to the  
14    student.

15            (c) A school district is entitled to additional facilities  
16    assistance under Section 42.4101 if the district agrees to:

17                (1) accept a number of students using public education  
18    grants that is at least one percent of the district's average daily  
19    attendance for the preceding school year; and

20                (2) provide services to each student until the student  
21    either voluntarily decides to attend a school in a different  
22    district or graduates from high school.

23            (d) [A-student's-public-education-grant-is-the--total--state  
24    and--local-funding-per-student-for-the-school-district-in-which-the  
25    student-resides;---Total--funding--from--state--and--local--sources  
26    includes---special--allotments--under-Subchapter-C7-Chapter-427-but  
27    does-not-include-small-district7-sparsity7-and--cost--of--education

1     ~~adjustments--and--allotments--for--technology--and--transportation--A~~  
 2     ~~student's--public--education--grant--is--the--entitlement--of--the--student,~~  
 3     ~~under--the--supervision--of--the--student's--parent,--guardian,--or~~  
 4     ~~custodian,--is--not--an--entitlement--of--any--school--district,--and--is~~  
 5     ~~paid--to--a--school--district--solely--as--a--means--of--administrative~~  
 6     ~~convenience.~~

7           [~~(c)~~] A school district chosen by a student's parent under  
 8     Section 29.201 is entitled to accept or reject the application for  
 9     the student to attend school in that district but may not use  
 10    criteria that discriminate on the basis of a student's race,  
 11    ethnicity, academic achievement, athletic abilities, language  
 12    proficiency, sex, or socioeconomic status. A school district that  
 13    has more acceptable applicants for attendance under this subchapter  
 14    than available positions must give priority to students at risk of  
 15    dropping out of school as defined by Section 29.081 and must fill  
 16    the available positions by lottery. However, to achieve continuity  
 17    in education, a school district may give preference over at-risk  
 18    students to enrolled students and to the siblings of enrolled  
 19    students residing in the same household or other children residing  
 20    in the same household as enrolled students for the convenience of  
 21    parents, guardians, or custodians of those children.

22           (e) [~~(d)~~] A school district chosen by a student's parent  
 23     under Section 29.201 may not charge the student tuition [~~in~~  
 24     ~~addition--to--the--public--education--grant--or--charge--tuition--that--is~~  
 25     ~~greater--than--the--district's--average--expenditure--per--student.--The~~  
 26     ~~school--district--in--which--the--student--resides--is--entitled--to--the~~  
 27     ~~remainder,--if--any,--of--the--student's--public--education--grant--funds].~~

1            (f) [f(e)] The school district in which a student resides  
2 shall provide each student attending a school in another district  
3 under this subchapter transportation free of charge to and from the  
4 school the student would otherwise attend.

5            (g) In this section:

6                    (1) "Equalized wealth level" has the meaning assigned  
7 by Section 41.001.

8                    (2) "Guaranteed wealth level" means a wealth per  
9 student equal to the dollar amount guaranteed level of state and  
10 local funds per weighted student per cent of tax effort, as  
11 provided by Section 42.302, multiplied by 10,000.

12                    (3) "Wealth per student" has the meaning assigned by  
13 Section 41.001.

14            SECTION 3. Subchapter G, Chapter 29, Education Code, is  
15 amended by adding Section 29.204 to read as follows:

16            Sec. 29.204. NOTIFICATION. (a) Not later than January 1 of  
17 each year the commissioner shall, based on the most recent  
18 information available, provide notice to each school district in  
19 which a campus described by Section 29.202 is located that:

20                    (1) identifies each campus in the district that meets  
21 the description in Section 29.202; and

22                    (2) informs the district that the district must comply  
23 with Subsection (b).

24                    (b) Not later than February 1 of each year, a school  
25 district shall notify the parent of each student in the district  
26 assigned to attend a campus described by Section 29.202 that the  
27 student is eligible for a public education grant. The notice must



1 contain a clear, concise explanation of the public education grant  
2 program and of the manner in which the parent may obtain further  
3 information about the program.

4 SECTION 4. Subchapter G, Chapter 29, Education Code, is  
5 amended by adding Section 29.205 to read as follows:

6 Sec. 29.205. CONTRACT AUTHORITY. The board of trustees of a  
7 school district may contract under Section 11.157 for the provision  
8 of educational services to a district student eligible to receive a  
9 public education grant under Section 29.202.

10 SECTION 5. Subchapter C, Chapter 42, Education Code, is  
11 amended by adding Section 42.157 to read as follows:

12 Sec. 42.157. PUBLIC EDUCATION GRANT ALLOTMENT. (a) Except  
13 as provided by Subsection (b), for each student in average daily  
14 attendance who is using a public education grant under Subchapter  
15 G, Chapter 29, to attend school in a district other than the  
16 district in which the student resides, the district in which the  
17 student attends school is entitled to an annual allotment equal to  
18 the adjusted basic allotment multiplied by a weight of 0.1.

19 (b) The total number of allotments under this section to  
20 which a district is entitled may not exceed the number by which the  
21 number of students using public education grants to attend school  
22 in the district exceeds the number of students who reside in the  
23 district and use public education grants to attend school in  
24 another district.

25 SECTION 6. Subchapter H, Chapter 42, Education Code, is  
26 amended by adding Section 42.4101 to read as follows:

27 Sec. 42.4101. ADDITIONAL ASSISTANCE FOR DISTRICTS WITH

1     STUDENTS USING PUBLIC EDUCATION GRANTS. (a) A district is  
2     entitled to additional assistance under this section as provided by  
3     Section 29.203(c).

4             (b) The amount of additional assistance under this section  
5     is computed by subtracting the number of students residing in the  
6     district and using public education grants to attend school in  
7     another district for the year in which the assistance is granted  
8     from the number of students using public education grants to attend  
9     school in the district for that year and multiplying the difference  
10    by \$266.

11            (c) If a district to which this section applies is entitled  
12    to the maximum amount of assistance under Section 42.406, the  
13    maximum is increased by the amount of additional assistance to  
14    which the district is entitled under this section.

15            SECTION 7. This Act applies beginning with the 1997-1998  
16    school year.

17            SECTION 8. The importance of this legislation and the  
18    crowded condition of the calendars in both houses create an  
19    emergency and an imperative public necessity that the  
20    constitutional rule requiring bills to be read on three several  
21    days in each house be suspended, and this rule is hereby suspended,  
22    and that this Act take effect and be in force from and after its  
23    passage, and it is so enacted.

H.B. No. 318

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President of the Senate

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Speaker of the House

I certify that H.B. No. 318 was passed by the House on May 8, 1997, by the following vote: Yeas 125, Nays 0, 1 present, not voting; that the House refused to concur in Senate amendments to H.B. No. 318 on May 28, 1997, and requested the appointment of a conference committee to consider the differences between the two houses; and that the House adopted the conference committee report on H.B. No. 318 on May 31, 1997, by the following vote: Yeas 98, Nays 42, 1 present, not voting.

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Chief Clerk of the House

H.B. No. 318

I certify that H.B. No. 318 was passed by the Senate, with amendments, on May 26, 1997, by the following vote: Yeas 31, Nays 0; at the request of the House, the Senate appointed a conference committee to consider the differences between the two houses; and that the Senate adopted the conference committee report on H.B. No. 318 on May 31, 1997, by the following vote: Yeas 22, Nays 7.

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Secretary of the Senate

APPROVED: \_\_\_\_\_  
Date

\_\_\_\_\_  
Governor

President of the Senate

Speaker of the House

I certify that H.B. No. 318<sup>(1)</sup> was passed by the House on

May 8<sup>(2)</sup>, 1997, by the following vote:

Yeas 125<sup>(3)</sup>, Nays 0, 1 present, not voting<sup>(4)</sup>;

that the House refused to concur in Senate amendments to H.B. No. 318 on May 28<sup>(5)</sup>, 1997, and requested the

appointment of a conference committee to consider the differences

between the two houses; and that the House adopted the conference

committee report on H.B. No. 318 on May 31<sup>(6)</sup>, 1997, by

the following vote: Yeas 98<sup>(7)</sup>, Nays 42, 1 present, not voting<sup>(8)</sup>.

\_\_\_\_\_  
Chief Clerk of the House

\*\*\*\* Preparation: CT43;

I certify that H.B. No. 318<sup>(1)</sup> was passed by the Senate, with

amendments, on May 26<sup>(2)</sup>, 1997, by the following

vote: Yeas 31<sup>(3)</sup>, Nays 0<sup>(4)</sup>;

at the request of the House, the Senate appointed a conference

committee to consider the differences between the two houses;

and that the Senate adopted the conference committee report on

H.B. No. 318 on May 31<sup>(5)</sup>, 1997, by the following vote:

Yeas 22<sup>(6)</sup>, Nays 7<sup>(7)</sup>.

\_\_\_\_\_  
Secretary of the Senate

APPROVED:

\_\_\_\_\_  
Date

\_\_\_\_\_  
Governor

\*\*\*\* Preparation: CT44;

83  
H.B. No. 318

A BILL TO BE ENTITLED  
AN ACT

By H. Cuellar  
(H. Cuellar)

Relating to the public education grant program.

DEC 16 1996 Filed with the Chief Clerk  
FEB 3 1997 Read first time and referred to Committee on Public Education  
APR 17 1997 Reported favorably ~~(as amended)~~  
(as substituted)  
APR 28 1997 Sent to Committee on (Calendars)  
(~~Local & Consent Calendars~~)  
MAY 6 1997 Read second time <sup>(comm. subst.)</sup> ~~(comm. subst.)~~ (amended); passed to third reading (~~failed~~) by a (non-record vote)  
(~~record vote of~~        yeas,        nays,        present, not voting)  
Constitutional rule requiring bills to be read on three several days suspended (failed to suspend)  
by a vote of        yeas,        nays,        present, not voting  
MAY 8 1997 Read third time (~~amended~~); finally passed (~~failed to pass~~) by a ~~(non-record vote)~~  
(record vote of 125 yeas, 0 nays, 1 present, not voting)  
MAY 08 1997 Engrossed  
MAY 09 1997 Sent to Senate

Sharon Carter  
CHIEF CLERK OF THE HOUSE

OTHER HOUSE ACTION:

MAY 09 1997 Received from the House  
MAY 12 1997 Read and referred to Committee on EDUCATION  
Reported favorably         
MAY 18 1997 Reported adversely, with favorable Committee Substitute; Committee Substitute read first time  
Ordered not printed  
MAY 26 1997 Laid before the Senate  
Senate and Constitutional Rules to permit consideration suspended by (unanimous consent)  
(       yeas,        nays)  
MAY 26 1997 Read second time,       , and passed to third reading by (unanimous consent)  
(~~a viva voce vote~~)  
(       yeas,        nays)  
MAY 26 1997 Senate and Constitutional 3 Day Rules suspended by a vote of 31 yeas, 0 nays  
MAY 26 1997 Read third time,       , and passed by (~~a viva voce vote~~)  
(31 yeas, 0 nays)

May 26, 1997 Returned to the House

Betty King  
SECRETARY OF THE SENATE

OTHER SENATE ACTION:

MAY 26 1997

Returned from the Senate (as substituted)

~~(House amendments)~~

House concurred in Senate amendments by a (non-record vote)

(record vote of \_\_\_\_\_ yeas, \_\_\_\_\_ nays, \_\_\_\_\_ present, not voting)

MAY 28 1997

House refused to concur in Senate amendments and requested the appointment of a conference committee by a (non-record vote) ~~(House amendments)~~

MAY 28 1997

House conferees appointed: Cuellar, Chair; Hochberg  
Krussee, Rhodes, Sadler

May 29, 1997

Senate granted House request. Senate conferees appointed: Bivins, Chair;

Sibley, Haywood, Luna, Ratliff

MAY 31 1997

Conference committee report adopted ~~(rejected)~~ by the House by a ~~(non-record vote)~~

(record vote of 98 yeas, 42 nays, 1 present, not voting)

MAY 31 1997

Conference committee report adopted ~~(rejected)~~ by the Senate by a ~~(non-record vote)~~

(record vote of 22 yeas, 7 nays)